

Financial Handbook

Applicable to:	✓	All individual academies within NEAT Academy Trust
	✗	Specified academies only within NEAT Academy Trust
	✓	Central team within NEAT Academy Trust
	✓	NEAT Active Ltd
Approval body:	NEAT Audit and Risk Committee, which may be delegated NEAT Active Ltd Board of Directors, which may be delegated	

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Introduction

- 1.1 The purpose of these procedures is to ensure that NEAT Academy Trust (the Trust) and its trading subsidiary NEAT Active Ltd (NAL) (collectively referred to as the NEAT Group) maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).
- 1.2 The NEAT Group must comply with the principles of financial control outlined in the academies guidance published by the DfE, most notably the Academy Trust Handbook, and operate within the limits of delegation outlined in the Handbook. This handbook expands on that and provides detailed information on the Trust's accounting policies and procedures.
- 1.3 These procedures should be used in conjunction with the following policies:
 - NEAT Group Anti-fraud, Bribery and Corruption Policy
 - NEAT Group Confidential Reporting of Concerns (“Whistleblowing”) Policy
 - NEAT Reserves and Investment Policy
 - NEAT Group Travel and Subsistence Policy
- 1.4 These procedures will be regularly reviewed and amendments can only be made following the approval of the Committee (unless the amendments are classed as minor or very minor as set out in the relevant Scheme of Delegation).
- 1.5 These procedures apply to all parts of the NEAT Group and they must be read and adhered to by all staff involved with financial transactions.

2 Organisation

The NEAT Group has defined the responsibility of each person involved in the administration of finance to avoid the duplication or omission of functions and to provide a framework of accountability for Directors and staff. The financial reporting structure is outlined below:

The Board of Directors / Audit and Risk Committee of the Trust have overall responsibility for the administration of finance at its academies' and trading business' and the effectiveness of internal controls.

The main responsibilities of the Board are prescribed in the Trust's Articles of Association and in the Funding Agreements between the Trust and each of its schools with the DfE.

These responsibilities in relation to financial matters include:

2.1 NEAT Academy Trust Board of Directors

The NEAT Academy Trust board of directors (the Board) has overall responsibility for the administration of the NEAT Group's finances. The main responsibilities of the Board are prescribed in the Funding Agreements between the Trust and the DfE and in the Trust's Scheme of Delegation. The main responsibilities include:

- Ensuring the grant from the DfE is used only for the purposes intended
- Approval of systems of control and accountability, including financial and operational controls and following a two year forecast.
- Approval of the strategic annual budget plan.
- Appointment of the Chief Executive Officer (CEO) as Accounting Officer
- Oversight of NAL as the sole shareholder of the company and being responsible for reporting NEAT Group consolidated annual accounts.

2.2 The Audit and Risk Committee

The Audit and Risk Committee is a committee of the Board. They meet at least three times per year but more frequent meetings can be arranged if necessary. The main responsibilities of the Committee are detailed in the Trust's scheme of delegation, which has been approved by the Board.

2.3 The Chief Executive Officer

The Chief Executive Officer (CEO) has been named as the 'Accounting Officer' with overall responsibility for the NEAT Group's activities including financial activities. The Accounting Officer has personal responsibility (that cannot be delegated) for assuring the Board that there is compliance with the AFH, the Funding Agreement and all relevant aspects of company and charitable law.

2.4 Chief Operating and Financial Officer

The Chief Operating and Financial Officer (COFO) works in close collaboration with the CEO through whom they are responsible to the Board. The COFO is formally appointed to the role of Chief Financial Officer as defined by the Education and Skills Funding Agency (ESFA). The COFO is also an executive director of NAL.

The main responsibilities of the COFO include:

- Providing sound financial advice to the Board and its committees, as well as senior management colleagues
- The management of the NEAT Group's financial position at a strategic and operational level within the framework for financial control;
- Strategic budget plan for the short and medium term
- The preparation of monthly management accounts and reporting these to the Board of Directors;
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the NEAT Group;
- To oversee the work of the Central Finance Team
- The responsibility for leading on the review and update of the Financial Procedures Manual as delegated by the Committee.

The COFO will work closely with the Head of Business Services, Central Finance Team, Headteachers and Business Managers to achieve this.

2.5 Head of Business Services

The Head of Business Services (HoBS) will develop and lead a range of Trust wide support services and ensure that there are consistent and legally compliant policies and procedures, which are applied within all NEAT academies. They will embed quality assurance systems and support the development and monitoring of a best value service provision.

The main responsibilities of the HoBS include:

- Continually monitor and review the operational systems and contracts across the NEAT Group ensuring continuous improvement and best value is achieved;
- Develops operational systems for effective financial control and process management across the NEAT Group
- To manage the NEAT Group budget effectively and efficiently in conjunction with senior officers, ensuring financial resources are used to maximum educational effect
- To support the development of the NEAT Group's strategy for the provision of cost effective central support services
- To effectively manage a wide range of business service contracts within the Procurement Policy guidelines so as to ensure best value

2.6 Headteachers

Within the framework of the Trust's Strategic Plan, the Headteacher of each school has overall executive responsibility for their school's activities including financial activities. This includes:

- preparing a staffing structure each year, upon which the budget is based;
- approving new staff appointments within the authorised budget, except for any senior staff posts which the Board of Directors have agreed should be approved by them;
- authorising orders and the award of contracts within the approval limits shown in Appendix 2;
- authorising payments within the approval limits shown in Appendix 2;
- ensuring the delivery of the school annual budget as approved by the Trust
- monitoring the monthly management accounts with the Business Manager and acting on overspends and identifying any future risk.

Much of the day to day operational financial responsibility within the school may be delegated to the Business Manager.

2.7 Business Managers

The Business Managers work in close collaboration with their Headteacher and the Central Finance Team. The main responsibilities of the Business Managers are:

- The day to day management of financial issues at their school;

- Assisting the Central Finance Team, in the preparation of the draft budget and two year forecast;
- Regular monitoring of the budget and ensure the school is complying with financial regulations and contract procedure rules;
- Providing general support to the Central Finance Team in financial matters including strategic planning and the preparation of monthly management accounts;
- Ensuring that the school generated income is received and properly accounted for;
- Ensuring that financial information held on the NEAT Group's finance systems are properly maintained;
- Ensuring that financial and purchasing controls are working effectively at school level and that any issues raised from the Internal Assurance visits and reports are addressed prior to the next visit.
- Maintain an accurate gift and hospitality register.

2.8 Budget Holders

The main responsibilities of budget holders include:

- Responsibility for their individual budget allocations, including regular monitoring of their spending;
- Not exceeding their budget allocation;
- Following procedures laid down within this handbook in respect of purchasing of goods and services;
- Ensuring that the ordering of goods and services comply with the procedures in this handbook.
- Liaising with the Business Managers to advise of any issues or problems with orders, such as product defects, in a timely manner.

2.9 Other Staff

Other members of staff, primarily Finance Officers and Admin Assistants will have some financial responsibilities and should be aware of the procedures detailed in the following sections of this financial handbook.

All staff are responsible for the security of school property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the school's financial procedures.

2.10 Internal Assurance

The Board will appoint independent auditors to undertake Internal Assurance work, which will provide Directors with an independent perspective of the management of risks across the NEAT Group. The main duties of the Internal Auditors in relation to finance are to provide the Board with independent assurance that:

- The financial responsibilities of the Board 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;
- Risks are identified and appropriate actions put in place

The Internal Auditors will undertake a regular programme of monitoring to ensure that financial transactions have been properly processed and that controls are operating effectively. A report of the findings from each visit will be provided to the Committee for review and update of any outstanding actions from previous visits.

2.11 Register of Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Trust Members, Directors, Governors and staff of the NEAT Group are required to declare financial or personal interests to enable the NEAT Group to identify and manage potential conflicts of interest. Declaring an interest does not prevent a business or individual from working with the school, Trust or NAL. Any declared interests are entered onto a register held by the NEAT Group.

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 NEAT Group. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted by that person.

The existence of a register of business interests does not detract from the duties of Members, Directors, Governors and staff to declare interests whenever they are relevant to matters being discussed by the board or a committee.

Where an interest has been declared, Directors and staff should not attend that part of any committee or other meeting when this interest is being discussed. Staff should also ensure that they have no participation in the selection process for a supplier if they have a connection with that supplier.

2.12 Directors / Members interests and Related Party Trading

No Director / Member will take or hold any interest in any equipment or property held or used for the NEAT Group.

No Director / Member will obtain an interest in the disposal of NEAT Group equipment or property or materials surplus to requirements at the end of any contract between the NEAT Group (including persons acting on its behalf) and any third party.

The NEAT Group must comply with the ESFA's requirements around related party trading (RPT) and in particular:

- Declare all RPT expenditure prior to entering into an agreement
- Seek prior approval from the ESFA when a single proposed expenditure involving an RPT contract or the total value of contracts in any financial year

will exceed £20,000.

- Report all RPTs, regardless of value, in its annual financial statements

Trading between the NEAT Group and any RPT will only be undertaken within the not-for-profit requirements set out in the Academy Trust Handbook and will require a statement of assurance from the supplier to confirm that the goods / services provided are at cost with no profit element.

2.13 Gifts and Hospitality

Members, directors, governors and staff can accept gifts and hospitality of low intrinsic value (that have a value of up to £25.00). These do not have to be pre-approved or recorded on the gifts and hospitality register.

Any gifts or hospitality offered with a value of over £25.00 must be recorded on the gifts and hospitality register, even if declined. Any member, director, governor or member of staff who is offered such gifts or hospitality must consider the impact before accepting and staff must obtain approval from their line manager. The NEAT Group's preference is for gifts of a value greater than £25.00 to be donated to be used for fundraising activities.

Unacceptable Gifts and Hospitality

The following must never be offered to or accepted by members, directors, governors or staff:

- Monetary gifts
- Gifts or hospitality offered to family members, partner or close friends of members, directors, governors or staff
- Gifts or hospitality from a potential supplier or tenderer in the immediate period before tenders are invited or during the tendering process.

This list is not exhaustive.

Declining Gifts and Hospitality

Any members, directors, governors or staff who are offered any of the unacceptable gifts or hospitality outlined above should politely decline the offer. If they feel it would not be appropriate for them to decline, they should refer the matter to the Headteacher, Chief Operating and Financial Officer or Chair of Directors who may decline the offer, or donate the gift or hospitality to a worthy cause, and must also record the offer on the gifts and hospitality register.

Offers of Gifts and Hospitality

The NEAT Group may make gifts to members, directors, governors or staff. The circumstances where this might be done are:

- Serious illness
- Recognition of a significant life event
- Recognition of long service

ESFA advises that alcohol **must not** be purchased out of the Trust's budget.

Gifts over the value of £25.00 must be recorded on the appropriate Gift and Hospitality register.

3 Accounting system

All the financial transactions of the NEAT Group must be recorded on the Finance system. Access is restricted to registered users, with password authentication. The NEAT Group's finance system set up will ensure that passwords are changed regularly.

Headteachers are responsible for identifying which staff have access to the finance system. Access to the component parts of the system can also be restricted and the Central Finance Team is responsible for setting access levels for all members of staff using the system, which will be detailed in each school's operating procedures.

The system set up must ensure that there is adequate separation of duties in the process, so that individual users may not initiate and approve transactions.

3.1 Back-up and Support Procedures

The NEAT Group's Finance System Agreements provide details of the service level support provided for the finance system, which includes daily backups.

In addition, it is a requirement that the NEAT Group's finance system provider must complete the DfE's Cloud Software Services for Schools self-certification form to satisfy the NEAT Group that their service conforms to current best practice for cloud-based services.

3.2 Transaction Processing

All transactions input onto the accounting system must be authorised in accordance with the procedures specified in this manual and each school's financial operating procedures.

3.3 Month end Procedures

The Central Finance Team is responsible for ensuring that month end procedures are followed to allow the closedown of accounting periods and to ensure that balance sheet control accounts are reconciled.

The month end procedure identifies key actions and responsibilities for the Central Finance Team and the schools have a schools' monthly checklist, which is the responsibility of school-based staff. One of the key outputs from this process will be the production of monthly management accounts, which will be made available for all of the NEAT Group.

4 Financial Planning, Budget Setting and Monitoring

The NEAT Group will prepare both medium term and short-term financial plans. Medium term is defined as a period of three years.

The medium-term financial plan is prepared as part of the Strategic Planning process. The Strategic Plan indicates how the objectives / priorities are going to be achieved within the expected level of resources over the next three years.

4.1 Managing General Annual Grant (GAG)

A MAT has the freedom to amalgamate a proportion of GAG for its academies to form one central fund. NEAT currently chooses to levy a top-slice contribution from each school to fund the provision of central services to all of its schools. The contribution is based on a percentage of each school's GAG (excluding High Needs funding) and Early Years funding statements and any one-off grants that would typically be expected to form a part of GAG funding. The contribution rate is set by the Board and is reviewed annually, taking account of the annual budget for central services and the financial position of the NEAT Group overall.

If a school considers that it is being unfairly treated by the funding that it has been allocated or the contribution that it is making to the NEAT Group's central services then the Headteacher or Chair of the Local Governing Committee can appeal to the Audit and Risk Committee to have the matter considered. If the grievance is not resolved to the satisfaction of the school, they can further appeal to the Board. In the event that the grievance remains outstanding the school can appeal to the Secretary of State via the ESFA, whose decision will be final.

4.2 Annual Budget

Each school and trading business, in partnership with the Central Finance Team, is responsible for preparing their annual budget and two year financial forecast. The budget must be approved by the Board of Directors.

The approved budget must be submitted to the DfE by the end of July each year and the Central Finance Team is responsible for establishing a timetable in agreement with the CEO which allows sufficient time for the approval process and ensures that the submission date is met.

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

The budgetary planning process will incorporate the following elements:

- Pupil forecasts to calculate the amount of DfE grant receivable;
- Review of other income sources available to the Trust;
- Review of past performance outturn against budgets;
- Identification of potential efficiency savings;
- Review of the main expenditure headings in light of the Strategic Plan objectives and the expected variations in cost e.g. pay increases, inflation and other

anticipated changes.

Each school should set a budget and two-year financial forecast that takes into account the current level of reserves, medium term projections and the need to invest to meet the longer term strategic plan. As a minimum it is expected that a budget will include a 1% in year contingency.

4.3 Setting the Budget

Once the different options and scenarios have been considered by the school, a draft budget should be prepared by the Central Finance Team for review by the CEO and approval by the Board of Directors. The approved budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

4.4 Monitoring and Review

Monthly Management Accounts will be prepared by the Central Finance Team supported by the Business Managers. The reports will detail actual income and expenditure against budget for budget holders and at a summary level for the CEO, Head Teachers, and Board of Directors.

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 projected it may be appropriate to vire money from another budget or from any contingency. All budget virements must be authorised as shown in Appendix 2.

4.5 Revised Forecasts

Following discussions with schools, the Central Finance Team will provide a revised full year forecast at least three times during the year to identify if there are any significant changes anticipated to the end of year position. These forecasts will be reported to and reviewed by the Board.

4.6 Novel and contentious transactions

The ESFA defines novel payments as those in which the NEAT Group has no experience or are outside the range of normal business activity.

Contentious payments are defined as those which might give rise to criticism of the NEAT Group by the public or the media.

Novel and contentious payments must always be referred to the Board for explicit prior authorization. If there is any doubt about the propriety of a payment the NEAT Group must request clarification from the ESFA in advance.

5 Payroll

The main elements of the payroll system are:

- staff appointments;
- payroll administration and payments.

5.1 Staff Appointments

As part of the annual budget process, the Board will approve a staffing structure for the trust and each school. Headteachers are able to authorise replacing staff in roles within this agreed structure. When there is the need to change the agreed staffing structure, through the addition or deletion of roles, then changes can only be made to the structure with the approval of the CEO.

When the CEO considers that the level of staffing changes will result in a significant change to the approved budget for the year, then a revised forecast will be provided to the Board.

5.2 Payroll Administration and Payments

The NEAT Group engages with a Payroll Bureau to manage the administration and payments of salaries to all staff. The contractor must be an approved BACS Bureau for this purpose.

The Payroll Bureau is responsible for calculating the deductions due from payroll to comply with current legislation. The major deductions are for PAYE, National Insurance and pension contributions. The amounts payable are summarised on the gross to net pay report, which also reconciles with the BACS payments that are subsequently paid to the relevant third parties.

The Payroll Bureau provides a monthly payroll analysis report prior to the payroll payments being authorised. This report is reviewed by the HoBS to identify any significant variations from the previous month, which may require investigation. This will include reviewing new starters and leavers, together with an overall review to test for 'reasonableness' against the previous month's totals. During the school term, each Business Manager will review their school's monthly payroll report and account for each variance greater than £100. This report is then authorised by the Headteacher, which enables the Central Finance Team to charge their budget with the agreed expenditure. This full salary reconciliation is reviewed and authorised by the COFO or CEO.

After the payroll has been processed the nominal ledger will be updated in the NEAT Group's Finance Systems. Postings will be made both to the payroll control account and to individual cost centre accounts. The Payroll Control Accounts will be reviewed as part of the month end procedures.

5.3 Staff and Director Expenses

Staff and Directors may claim for reasonable expenses incurred to perform their duties or to repay them for items bought on behalf of the NEAT Group when agreed in advance. Reasonable expenses include:

- Mileage and parking costs incurred when using their own vehicle for business

journeys.

- Travel by public transport;
- Unavoidable overnight accommodation;
- Reimbursement for approved items bought on behalf of the NEAT Group.

Rates and allowances are laid out in the NEAT Group's Travel and Subsistence Policy. Staff must submit an expenses claim form, which should be accompanied by receipts or other suitable evidence to support the claim.

Claims for expenses that have not been agreed in advance (excluding those covered by the Travel and Subsistence Policy) should not exceed £100.00, and are only payable at the discretion of the relevant authorisers (see appendix 1, section 14).

5.4 Staff severance payments

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

All non-contractual payments up to £50,000 are to be approved by the Chair on behalf of the Board and those over £50,000 require approval in advance from the ESFA and approval by the Board.

6 Purchasing

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

- Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the NEAT Group;
- Accountability, the NEAT Group is publicly accountable for its expenditure and the conduct of its affairs;
- Fairness, that all those dealt with by the NEAT Group are dealt with on a fair and equitable basis.

It is particularly important in the case of the NEAT Group that any tenders where a member, director, governor or a senior member of staff may have a conflict of interest are managed with utmost probity.

6.1 Routine Purchasing

Each school will maintain a list of budget holders and approved authorisers for purchase orders, which will be reviewed at the start of each financial year or when changes to the staffing structure have been made at the school.

The NEAT Group will seek to adhere to Best Value principles in the procurement of goods and services. Official Orders should be raised and authorised in advance of all purchases using the following process:

Stage 1

A requisition should be signed off by the appropriate budget holder for approval before an official purchase order can be raised within the Finance System. This can be in one of the following forms:

- Completion of a yellow requisition form
- Input into the Finance System by the requestor
- Signed document to advise the spend can be made i.e. alternative documentation/email

The Finance/School Office will review the requisition and ensure the Best Value principles in the procurement of goods and services have been applied.

Stage 2

If the requisition refers to a new supplier, a supplier account request form must be completed prior to any purchases being placed. These details will be input into the Finance System by the Central Finance Team and then checked by a second person in the team prior to any transactions being processed.

Stage 3

The finance system has built in delegated levels of authority. Authorisation levels are provided in Appendix 2. An email is then forwarded to the delegated approver for authorisation within the finance system. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. The finance system, will automatically check against the relevant budgets to ensure that the purchase will not result in the budget being overspent. If the spend is within budget the order proceeds to authorisation.

Once this is approved the requestor will receive an email confirmation that the Official Order has been agreed. If the requisition has been rejected then the budget holder will advise the requestor the reasons.

If the spend will lead to that budget being overspent then the requisition will need to be signed off by the business manager / headteacher.

Stage 4

The Finance/School Officer will send the Official Order to the Supplier requesting the goods/services via the finance system.

Stage 5

When the goods / services are received, the quantity must be confirmed against any Goods Received Note (GRN) provided. Any discrepancies between the number of goods delivered and suitability of the goods must be marked on the GRN and

discussed with the supplier without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance/School Office should be notified. The Finance/School Office will keep a central record of all goods returned to suppliers.

Stage 6

All invoices are sent to the Finance/School Office and the Finance/Admin staff will verify the invoice is correct against both the order and GRN after the following checks have been completed:

- a) Goods/ services received as ordered;
- b) Prices correct;
- c) VAT treated correctly.

If everything is correct then the Finance/Admin staff will then input the invoice details into the purchase ledger in the finance system.

If there are variations to the original order, the invoice will need to be re-authorised before processing can take place.

6.2 Non Purchase Order Invoices

The NEAT Group acknowledges that some invoices will be received for transactions where it is not practical to raise a requisition or purchase order prior to receiving the invoice. Situations where this is acceptable are:

- Regular payments to suppliers such as utility/telephony charges, where the actual invoice value varies due to usage.
- Procurement controlled by a contract, i.e. insurance policies, legal agreements, subscriptions - in such cases the purchase will be made in line with the competitive purchase procedures and invoices will be verified against the contractual agreement.
- Catering purchases where official orders are not practical
- Fuel for school vehicles
- Urgent / Emergency orders - if for exceptional reasons a purchase must be made before an order can be raised and/or price can be confirmed. Where possible the details of the purchase should be confirmed by email and a purchase requisition should be raised retrospectively recording why this process was used.
- Low value purchases (<£50), when purchased by a budget holder. The invoice needs to be authorised by the Budget holder's line manager.

6.3 Supplier Payments

Suppliers must complete a new supplier account form prior to any purchases being placed. These details will be input into the finance system by the Central Finance Team.

Supplier payment terms will have been input into the finance system when the

supplier account is first set up and payment of invoices will be generated in line with these terms.

Changes to supplier details are carefully controlled as the NEAT Group is aware that this is an area that is vulnerable to fraud. Requests for supplier details to be updated will not be amended until the changes have been verified as being valid directly with the supplier. A comment should be added to the supplier record on the finance system when a change has been made.

All amendments to existing bank account details and for new suppliers to be set up are checked against originating paperwork and an audit trail is kept of any changes made. These changes will only be made by the Central Finance Team and are double checked to ensure accuracy.

Schools are responsible for generating weekly payment lists detailing the suppliers and staff expenses that are due to paid, prior to the weekly BACS payment run. Each payment list needs to be approved by the school, with two authorised signatories.

BACS payments for the NEAT Group are then generated by the Central Finance Team, in line with the agreed weekly timetable. The payment reports will be reviewed by the Central Finance Team prior to being authorised for processing in the bank by two signatories.

In the rare case of a cheque payment, the cheques and associated paperwork must be authorised and signed by two of the nominated cheque signatories.

6.4 Competitive purchasing requirements - quotations and tenders

When considering the value of an order, staff need to consider the value of the order plus the ongoing contractual commitment that has been agreed i.e. an annual cost x number of years the contract is for, is the total value of an order.

Orders below £1,000

A fixed quote or price should always be obtained before any order is placed and each budget holder must consider that it provides value for money.

Orders of £1,000 and over, but less than £5,000

At least two written quotations or price comparator evidence should be obtained for all orders between £1,000 and £5,000 to identify the best source of the goods/services. Written details of quotations or price evidence obtained should be retained with the purchase order documentation and scanned within the finance system for audit purposes.

Orders of £5,000 and over, but less than £25,000

At least three written quotations should be obtained for all orders between £5,000 and £25,000 to identify the best source of the goods/services. Written details of

quotations obtained should be prepared and retained with the purchase order documentation and scanned within the finance system for audit purposes.

Orders of £25,000 and over, but less than £100,000

A basic specification should be drawn up and at least three written quotations should be obtained for all orders between £25,000 and £100,000 to identify the best source of the goods/services. Written details of quotations obtained should be retained with the purchase order documentation and scanned within the finance system for audit purposes.

Orders over £100,000

All goods/services ordered with a value over £100,000, or for a series of contracts which in total exceed £100,000 must be subject to formal tendering procedures (See Appendix 2) unless they are procured through one of the public sector framework agreements.

Non-competitive purchases

There are two situations when non-competitive purchases may be undertaken:

1. If competitive purchasing procedures are not able to be followed, i.e. a single specialist supplier exists or for reasons of operational urgency then a statement on the original request advising why this action has been undertaken must be recorded. In addition each order should be authorised at a level above the normal authorisation level. Therefore an order with a value of £2,000, which is authorised by the Business Manager would need to be authorised by the school's Headteacher as well.
2. For purchases where there is evidence to demonstrate that the transaction is in line with an "at cost" policy and is supported by either a formal services and cost sharing agreement or a statement of assurance and open book agreement.

6.5 Legal advice

When the NEAT Group is considering the award of contracts of any significant value further legal guidance should be sought.

6.6 Specialist procurement

Where a specialist service e.g. architect/project manager/procurement specialist is appointed to act as an agent the NEAT Group may delegate the procurement process (including invitation to tender and receipt of documents) where assurance of open and transparent procurement principles has been gained in advance regarding the processes involved by the outside agency. Where the final contract value is greater than £100,000 then the results of the tender process will be reported to the Audit and Risk Committee.

7. Income

The main sources of income for the NEAT Group are the grants received from the ESFA. The receipt of these sums are monitored directly by the Central Finance

Team who are responsible for ensuring that all grants due are received.

In addition to the General Annual Grant (GAG), the schools will receive additional income directly from the Local Authority, which includes Early Years Funding and High Needs Funding, which the Business Manager is accountable for reconciling.

Schools also need to account for different categories of self-generated income, which include:

- Lettings
- School Meals
- School Trips
- Uniforms

7.1 Accounting for Income

At all times schools will need to account for self-generated income through the finance system.

Sales invoices should be raised for school lettings or other larger types of income and customers should be informed of the cost of the service/supply and payment dates prior to the supply of the service.

The recording of income through nominal receipts is acceptable for other types of income such as school trips and uniform, as long as there is a clear supporting audit trail of how the income is derived.

Schools will be required to clearly identify any outstanding debts at the end of each month and to follow these up in a timely manner.

7.2 Receipts/Confirmation of payment

Schools should issue a receipt or obtain a signature from the customer for all cash income received. Receipts issued should be clearly marked with the activity the money refers to.

7.3 Income paid by Cheque or BACS

A record of each payment must be recorded within the finance system. If the payment refers to an invoice – an allocation against the invoice is required, checking the amount is correct, the date is valid and the name of the payee matches the names on our sales ledger.

7.4 Lettings

Letting and hire of facilities will be conducted in line with the Charges and Remissions Policy for each school, which includes a scale of charges, which will be reviewed annually. NAL will develop it's own policy for lettings and hire of facilities.

All lettings income will be recorded in the finance system. Wherever possible payment should be made in advance of a letting. Complete records should be kept

of hirer's application, the issue of permit, invoices, payments and receipts issued. The school should retain the hirer agreement and obtain a copy of the relevant insurance documentation.

7.5 Cash Handling

Cash handled by staff, other than in the Finance/Admin Office must be kept secure and passed to the Finance/Admin office as soon as possible. Cash received from other school staff must be reconciled within a timely manner to prevent discrepancies. All cash receipts must be recorded within the finance system and kept in a locked safe until banked.

Schools should ensure they have sufficient insurance limits for storing money in the school safe. The minimum amount of cash should be kept on site as a cash float. All other cash should be banked weekly.

The cash security collection company will collect cash on a weekly basis and transfer it to the bank's clearing house. Money will be credited to the NEAT Group's bank by close of play the following day.

7.6 Debt Recovery

The NEAT Group will make all appropriate and sustained efforts to collect outstanding debts. Schools will monitor the value of unpaid invoices/dinner monies within a timely manner and retain documentation as evidence of collection for audit purposes.

Debts will be approved for write-off according to the values in Appendix 1.

8. Cash Management

8.1 Bank Accounts

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

8.2 Deposits

Details of any deposit must be entered on a 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

All cheques and other instruments authorising withdrawal from Trust bank accounts must bear the signatures or electronic approval of two of the following authorised signatories:

- CEO;
- COFO;
- HoBS;
- Company Secretary.

This provision applies to all accounts, operated by or on behalf of the Board.

8.4 Operation of internet banking

Access to the NEAT Group's bank accounts is available through Lloyds Commercial Banking software.

Appropriate access rights to the Lloyds Commercial Banking system are determined by the bank signatories. Access is controlled by user ID and password security administered by Lloyds.

8.5 On –Line Payments

Payments by bank transfer, BACS or CHAPs can be generated through Lloyds Commercial Banking. All payments require authorisation by two approvers. Authorisation access is controlled by smartcards and passwords.

8.6 Direct Debits

Direct debits will be used for the payment of regular services such as rates and utility bills. Monthly reconciliations will be undertaken to ensure that payments correspond to invoice values.

Direct debits can only be set up by the Central Finance Team and need to be authorised by two bank account signatories.

8.7 Operation of Procurement Cards (P-Cards)

The use of procurement credit cards is permitted subject to the approval of named staff and agreed limits by the Headteacher within the school and will be reviewed on an annual basis. All staff who are provided with a P-Card must sign the Terms of Use form when they receive their card. School spend limits will be set by the COFO and will be reviewed annually.

All purchases must be supported with VAT receipts and will be reconciled by the school on a monthly basis against the card statement. The Central Finance Team will monitor the NEAT Group account and the Business Manager will be responsible for reconciling and reviewing spends within their School.

8.8 Bank Reconciliation

The COFO will ensure bank statements are reviewed regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the finance system's cash book;
- Reconciliations are subject to a monthly review carried out by a second person within the Central Finance Team. Any discrepancies identified are investigated as a matter of priority.

8.9 Cash flow forecasts

The COFO is responsible for preparing cash flow forecasts to ensure that the

NEAT Group has sufficient funds available to pay for its day to day operations. This information will also be used to help plan and prioritise spending going forward.

8.10 Reserves and Investments

The COFO will ensure that the Board is kept regularly up-to-date with the reserves held by the NEAT Group and how these reserves are invested. This will be in accordance with the Trust's Reserves and Investment Policy.

8.11 Borrowing

To comply with the Trust's funding agreements, it is a requirement that the Trust and its schools must seek prior approval from the ESFA for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies and regardless of the interest rate chargeable.

8.12 Petty Cash

The primary purpose of having petty cash available at a school is to act as a cash float to allow for the efficient day to day processing of receipts for dinner money and trips. The float should be reconciled on at least a weekly basis, with income being recorded through the procedures identified in section 7.

It is the NEAT Group's preferred policy not to use petty cash for paying for expenses and other forms of expenditure and so this should only be undertaken in exceptional circumstances. Any payments for expenditure using petty cash must be supported with a completed expenses form and receipts for all items purchased.

Petty cash balances should be recorded on the finance system. A normal float balance is expected to be between £20 to £50.

9. Asset register

All items purchased with an individual or grouped value over the NEAT Group's capitalisation limit of £1,000 and which have a useful life of more than one year must be entered in the asset register.

The asset register should include the following information:

- Asset description
- Serial number / asset 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 rate
- Current book value
- Location

The asset register helps:

- Ensure that staff and departments 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 financial system; and
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

9.1 Disposals

Items recorded within the Fixed Asset register which are to be disposed of by sale or destruction must be authorised for disposal by the COFO and, items with a value of over £100 should be sold at a market rate. The NEAT Group must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the NEAT Group obtained value for money in any sale or scrapping of equipment.

The NEAT Group is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other assets. If the sale proceeds are not reinvested then the NEAT Group must repay to the DfE a proportion of the sale proceeds.

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

9.2 Loan of Assets

Items of Trust property, except staff and student laptops or tablets, must not be removed from school premises without the authority of the Head Teacher. Any IT equipment that will be allocated to staff for use outside of the school will have to have completed a Staff ICT Loan Agreement. This includes the following items: iPads, Laptops, and Mobile Phones.

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 NEAT Group's auditors.

9.3 Leases

The NEAT Group is able to enter into operational leases as outlined in the Academy Trust Handbook

Finance leases are classed as borrowings and can only be entered into with the specific authority of the ESFA.

All leases must be approved by the COFO.

10. Policies

10.1 Depreciation Policy

The NEAT Group will depreciate fixed assets in line with recognised accounting standards, best practice and DfE guidelines. Specific details will be identified in the NEAT Group's Accounting Policies.

10.2 Companies Policy

The Trust will not form any companies, subsidiaries or joint ventures without the approval of the Board.

10.3 Charging & Remission Policy

The Trust will ensure that educational opportunities provided at the Trust during school hours are available to all students regardless of ability to pay and that other activities are charged for in a fair and transparent way. No student will be excluded from essential curriculum activities because of their parents' inability to pay.

The separate Charging and Remission Policy is designed to be consistent with the requirements relating to charging laid out in the Funding Agreement.

Schools may charge for some optional activities which take place wholly or mainly outside school hours. The Trust may invite voluntary contributions for these from parents. Parents who wish to discuss financial matters are able to discuss them in confidence with the Headteacher.

In all cases, where a charge is made it will not exceed the costs of the provision.

10.4 Tax

The NEAT Group will account for VAT strictly in compliance with the rules and regulations applicable at that time. It is the responsibility of the COFO to ensure compliance with VAT regulations.

The COFO will ensure that, if applicable, any Corporation Tax returns are completed on time and in accordance with legislation.

10.5 Monitoring Outcomes & Review

Outcomes will be monitored and reviewed by regular internal checks and scrutiny by senior management and Internal Auditors.

Effectiveness of this policy and any associated procedures will also be monitored by the Committee, supported by External Audit, including the Regularity Audit, and regular testing by Internal Audit. Audit results will be presented by regular written reports to the Committee. Findings & recommendations will be used to revise this

policy and associated procedures - this will be undertaken by referring any recommendations for changes to the Committee:

Key indicators of the success of this policy are:

- no inappropriate use of money
- adherence to budgets
- value for money being demonstrated
- expenditure targeted on key priority areas
- timely reports to Board of Directors, DfE and other relevant bodies
- up-to-date, accurate records.

10.6 Capital Projects

When the NEAT Group is looking to consider capital projects of a value greater than £100,000 then a specific project plan will be drawn up for that project. Each project plan will address the following key issues:

- Business Case for the project
- How the project is to be Funded
- The procedure for authorising and monitoring the project
- Procurement process to be undertaken
- Project plan and timeline
- Sign off / completion process

Each project will approved by the Board.

Appendix 1a - Summary of Financial Authorisation Levels under Standard Scheme of Delegation

Delegated Duty		Value	Delegated Authority
1.	Ordering Goods and Services (raising requisitions)	Up to £4,999.99	Budget Holder, reviewed by Business Manager Business Manager
		£5,000 - £9,999.99	Business Manager, then reviewed by Head Teacher
		£10,000 - £49,999.99	As above plus COFO
		£50,000 - £100,000	As above plus CEO
		Over £100,000	Board
2.	Signatories for payment authorisations for individual schools (including BACS payments other than payroll)	Any	Two signatories from:- <ul style="list-style-type: none"> • Headteacher • Deputy Headteacher • Assistant Headteacher • Business Manager
3.	Signatories for authorising all cheque and BACS Payments for the Trust	Any	Two signatories from: <ul style="list-style-type: none"> • CEO • COFO • HoBS • Company Secretary
4.	Payroll BACS authorisation	Any	Two signatories from <ul style="list-style-type: none"> • CEO • COFO • HoBS • Company Secretary
5.	Signatories for DfE grant claims and DfE returns for individual schools	Any	Two signatories from: <ul style="list-style-type: none"> • CEO • COFO • HoBS • Company Secretary • Headteachers
6.	Signatories for DfE grant claims and DfE returns for the Trust	Any	Two signatories from <ul style="list-style-type: none"> • CEO • COFO • Chair of Trust Board • Chair of Audit and Risk committee

Delegated Duty		Value	Delegated Authority
7.	Virement of budget provision between budget headings	Up to £10,000	Headteacher and COFO
		£10,001 - £50,000	As above plus CEO
		£50,001 - £100,000	As above plus ARF
		Over £100,000	Board of Directors
8.	Virement of funding between schools	Any	Board of Directors
9.	Disposal of assets	Up to £1,000	Business Manager with Headteacher
		£1,001 - £5,000	Headteacher with COFO
		£5,001 - £10,000	As above with CEO
		Over £10,000	As above plus Trust Board DfE approval required as appropriate for disposal of assets funded with DfE grant or transferred from an LA at nominal consideration
10.	Write-off bad debts and losses	Up to £250	Business Manager, Headteacher
		£250 to £1,000	Headteacher and COFO
		£1,000 - £5,000	COFO and CEO
		£5,001 - £45,000	Board of Directors
		Over £45,000	ESFA Approval required
11.	Purchase or sale of any Freehold Property	Any	Board of Directors and DfE approval required
12.	Take up any leasehold or tenancy agreement exceeding seven years. Grant any tenancy	Any	Board of Directors and DfE approval required
13.	Raising invoices to collect income	Any	Business Manager

Delegated Duty		Value	Delegated Authority
14.	Petty Cash & Expense Claims	Member of school staff	Business Manager
		SLT or Business Manager	Headteacher
		Trust's Central Staff / Headteacher COFO CEO Governor or Director	COFO or CEO CEO Chair of Trust Board Company Secretary
15.	Credit Cards	School Staff Business Manager Headteacher/COFO Trust central staff COFO CEO	Business Manager Headteacher CEO COFO CEO Chair of Trust Board
		Non-statutory / non-contractual payment up to £50,000	Chair of Trust Board
16.	Staff Severance Payments	Non-statutory / non-contractual payment of £50,000 or above	Board of Directors and prior approval of ESFA

Appendix 1b - Summary of Financial Authorisation Levels under Bespoke Scheme of Delegation for St Hild's Church of England School

Delegated Duty		Value	Delegated Authority
1.	Ordering Goods and Services (raising requisitions and processing NPOs) within board approved budget	Up to £4,999.99	Budget Holder, reviewed by Business Manager Headteacher
		£5,000 - £49,999.99	Reviewed by Headteacher COFO
		£50,000 - £100,000	As above plus CEO
		Over £100,000	Board
2.	Ordering Goods and Services (raising requisitions and processing NPOs) that will exceed approved nominal / cost centre budget	Up to £4,999.99	Reviewed by Headteacher COFO
		Over £5,000	As above plus CEO
3.	Signatories for payment authorisations for individual schools (including BACS payments other than payroll)	Any	Two signatories from:- <ul style="list-style-type: none"> • Headteacher • Deputy Headteacher • Assistant Headteacher • Business Manager
4.	Signatories for authorising all cheque and BACS Payments for the Trust	Any	Two signatories from: <ul style="list-style-type: none"> • CEO • COFO • HoBS • Company Secretary
5.	Payroll BACS authorisation	Any	Two signatories from <ul style="list-style-type: none"> • CEO • COFO • HoBS • Company Secretary
6.	Signatories for DfE grant claims and DfE	Any	Two signatories from: <ul style="list-style-type: none"> • CEO • COFO

Delegated Duty		Value	Delegated Authority
	returns for individual schools		<ul style="list-style-type: none"> • HoBS • Company Secretary • Headteachers
7.	Signatories for DfE grant claims and DfE returns for the Trust	Any	Two signatories from <ul style="list-style-type: none"> • CEO • COFO • Chair of Trust Board • Chair of Audit and Risk committee
8.	Virement of budget provision between budget headings	Up to £10,000	Headteacher and COFO
		£10,001 - £50,000	As above plus CEO
		£50,001 - £100,000	As above plus ARF
		Over £100,000	Board of Directors
9.	Virement of funding between schools	Any	Board of Directors
10.	Disposal of assets	Up to £5,000	Headteacher with COFO
		£5,001 - £10,000	As above with CEO
		Over £10,000	As above plus Trust Board DfE approval required as appropriate for disposal of assets funded with DfE grant or transferred from an LA at nominal consideration
11.	Write-off bad debts and losses	Up to £250	Headteacher
		£250 to £1,000	Headteacher and COFO
		£1,000 - £5,000	COFO and CEO
		£5,001 - £45,000	Board of Directors
		Over £45,000	ESFA Approval required
12.	Purchase or sale of any Freehold Property	Any	Board of Directors and DfE approval required
13.	Take up any leasehold or tenancy agreement	Any	Board of Directors and DfE approval required

Delegated Duty		Value	Delegated Authority
	exceeding seven years. Grant any tenancy		
14.	Raising invoices to collect income	Any	Business Manager
15.	Petty Cash & Expense Claims	Member of school staff	Business Manager
		SLT or Business Manager	Headteacher
		Trust's Central Staff / Headteacher COFO CEO Governor or Director	COFO or CEO CEO Chair of Trust Board Company Secretary
16.	Credit Cards	School Staff Business Manager Headteacher/COFO Trust central staff COFO CEO	Business Manager Headteacher CEO COFO CEO Chair of Trust Board
17.	Staff Severance Payments	Non-statutory / non-contractual payment up to £50,000	Chair of Trust Board
		Non-statutory / non-contractual payment of £50,000 or above	Board of Directors and prior approval of ESFA

Appendix 2 – NEAT Tender Procedures

Forms of tender

There are three forms of tender procedure for contracts valued at over £100k: open, restricted and negotiated and the circumstances in which each procedure should be used are described below:

Open tender: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the COFO how best to advertise for supplier's e.g. website advertising, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

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

- There is a need to maintain a balance between the contract value and administrative costs,
- A large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the School's requirements,
- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- The Trust would normally invite at least four bidders.

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 to provide the service or goods,
- Time limitations and a specialist service provision limit the pool of suppliers,
- The Board decides that this is the most appropriate method for strategic reasons
- Additional deliveries / service by the existing supplier are justified to ensure continuity of Trust operations.

Preparation for tender

Full consideration should be given to:

- Objective of project Overall requirements
- Technical skills required
- After sales service requirements
- Form of contract.

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

Invitation to tender

If a restricted tender is to be used then an invitation to tender must be issued. If an open

tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender should include the following:

- Introduction/background to the project;
- Scope and objectives of the project;
- Technical requirements;
- Implementation of the project;
- Terms and conditions of tender and form of response.

Aspects to consider

Financial

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

Technical/suitability

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

Other considerations

- Pre sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service.

Tender acceptance procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the NEAT Group. Tenders received after the submission deadline should not normally be accepted.

Tender opening procedures

All tenders submitted should only be reviewed after the submission deadline and at the same time. The tender details should be recorded and this should include the names of the firms submitting tenders and the amount tendered.

Tender evaluation procedures

The evaluation process should preferably involve at least three people, who hold senior positions within the NEAT Group. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

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

Full records should be kept of all criteria used for evaluation of the tender responses. A report should be prepared for the ARF Committee highlighting the relevant issues and recommending a decision.

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

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