

**Saint Robert Lawrence  
Catholic Academy  
Trust**

**Financial Regulations  
Applicable 2015 onwards**

## **A GENERAL PROVISIONS**

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### **1 Background**

- 1.1 The institution is an academy trust created under the provisions of the Academies Act 2010, as amended by the Education Act 2011. Its structure of governance is constituted under the articles of association. The academies within the trust are Saint John Houghton Catholic Academy, The Priory Catholic Academy and English Martyrs Catholic Academy. Each Academy is a Catholic school, designated as such, the Directors are also accountable to the Bishop of the Roman Catholic Diocese of Nottingham.
- 1.2 The institution is an exempt charity by virtue of the Charities Act 2011.
- 1.3 The funding agreement between the funding body and the individual academies sets out the terms and conditions on which grant is made. The trust directors are responsible for ensuring that conditions of grant are met. In order to discharge these responsibilities, the Directors appoint people who are more locally based to serve on a board (each being a “Local Governing Body”) which has been established to ensure the good governance of each Academy. As part of this process the academy trust is required to have in place sound financial systems and controls. The financial regulations of the academy trust form part of this overall system of accountability.

### **2 Status of Financial Regulations**

- 2.1 This document sets out the institution’s financial regulations. It translates into practical guidance the institution’s broad policies relating to financial control. This document was approved by the Academy Trust on 23 March 2015. It applies to the institution and all its subsidiary undertakings.
- 2.2 These financial regulations are subordinate to the institution’s articles of association and to any restrictions contained within the institution’s funding agreement with the funding body and the funding body’s *Academies Financial Handbook*.
- 2.3 The purpose of these financial regulations is to provide control over the totality of the institution’s resources and provide management with assurances that the

resources are being properly applied for the achievement of the institution's strategic plan and business objectives on a sustainable basis, including:

- maintaining financial sustainability
- achieving value for money
- fulfilling its responsibility for the provision of effective financial controls over the use of public funds
- ensuring that the institution complies with all relevant legislation
- safeguarding the assets of the institution.

- 2.4 Compliance with the financial regulations is compulsory for all staff connected with the institution. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the institution's disciplinary policy. Any such breach will be notified to the Trust Directors through the local governing body. It is the responsibility of heads of departments/budget holders to ensure that their staff are made aware of the existence and content of the institution's financial regulations.
- 2.5 The finance and general purpose committees are responsible for maintaining a continuous review of the financial regulations, through the Finance Director/Business Managers, and advising the Trust Directors of any additions or changes necessary.
- 2.6 In exceptional circumstances, this committee may authorise a departure from the detailed provisions herein, such departure to be reported to the Trust Directors at the earliest opportunity.
- 2.7 The institution's detailed financial procedures set out precisely how these regulations will be implemented and are contained in a separate manual which is available in all departments.

## **B CORPORATE GOVERNANCE**

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### **3 The Directors**

- 3.1 The Directors have overall responsibility and ultimate decision making authority for all the work of the Company and shall, without affecting a Local Governing Body's ability to set its own policies and procedures (where appropriate) retain overall responsibility for the planning of strategy and setting the Company's policy. The Directors have the power to direct change where required.
- 3.2 The Directors responsibilities include:
- policy development and strategic planning,

- agreeing policies for the sound management and administration of the academy
- agreeing a development plan
- producing a scheme of delegation for the management of the Trust
- setting the Trust's standards of conduct and values
- holding the head teachers to account for the performance of their academy
- establishing and maintaining a transparent system of prudent and effective internal controls
- accounting to parents/carers and other stakeholders for the performance of the Trust
- appointing the academy's internal and external auditors.

## **4 The Governing Body**

4.1 The Directors delegate various delegated functions to each Local Governing Body pursuant to clause 4 of this Scheme but the function of each Local Governing Body (in relation only to their relevant Academy) shall be to:

- have a monitoring role in connection with the Academy;
- consider budget monitoring information and make recommendations to the Head Teacher of the Academy (each a "Head Teacher") in relation to annual budget proposals and any potential overspend;
- support the Head Teacher in recruitment and selection, grievance, disciplinary and processes in relation to staff, where appropriate;
- monitor and be accountable for standards and report annually to the Directors (or more frequently, if requested); and
- where appropriate, set their own policy and procedures
- allocating the academy's financial, human and other resources
- setting performance targets
- ensuring sound management of the academy's finances and resources
- ensuring compliance with legal requirements

This Scheme of Delegation has been put in place by the Directors from the Effective Date in accordance with the provisions of the Company's Articles of Association (the "Articles") and it should be read in conjunction with those Articles. References in this Scheme to numbered Articles are to the relevant

The academy trust is a charitable company responsible for running the academy. It has a strategic role in running the academy but delegates management of the academy to the governing body. The trust ensures compliance with the statutory and contractual obligations placed on academies through legislation and their funding agreements including acting as an employer and leaseholder or freeholder of the land. The academy trust, in general meeting, has the power to alter, add or to repeal any bye-laws made by the governing body.

## **5 Accountable Officer**

5.1 The head teacher is designated by the funding agreement as the accounting officer and is responsible for the financial and administrative matters of the institution. As accounting officer, the head teacher is responsible to the Trust and through that to the Secretary of State for:

- ensuring regularity and propriety
- ensuring prudent and economical administration
- avoiding waste and extravagance
- securing value for money through the efficient, effective and economical use of available resources
- the day-to-day organisation, staffing and management of the Trust.

## **6 Committee Structure**

6.1 The Trust Directors have ultimate responsibility for the institution's finances, but delegates specific powers and processes to the committees detailed below. These committees are accountable to the governing body

### **6.2 Finance and General Purposes Committee**

Monitoring of the institution's financial position and financial control systems is undertaken by the Finance and General Purposes Committee. The committee will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the Trust. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to the financial duties of the Trust Directors and make recommendations accordingly. The committee will also ensure that the Trust Directors have adequate information to enable it to discharge its financial responsibilities. The finance committee's terms of reference can be found under Appendix B.

### **6.4 Audit committee**

The committee is independent and advisory and reports to the Trust Directors. It has the right of access to obtain all the information it considers necessary and to

consult directly with the internal and external auditors. The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. It has a role in reviewing the institution's systems of internal control and risk management. ~~The audit committee's duties are listed at Appendix C.~~

The audit requirements of the institution are set out in the funding body's Academies Financial Handbook.

### **6.5 Pupil and Personnel Committee**

Consideration of senior management's pay and conditions is the responsibility of the ~~remuneration~~ pay committee. It has the power to make recommendations to the ~~governing body~~ Trust on their remuneration, including pay and other benefits, as well as contractual arrangements. (Appendix C - Terms of Reference of Pupil & Personnel Committee).

## **7 Other Senior Managers with Financial Responsibility**

### **7.1 Finance Director/Chief Financial Officer**

Day-to-day financial administration is controlled by the chief financial officer who is responsible to the principal for:

- preparing annual capital and revenue budgets and financial plans
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- preparing the institution's annual accounts and other financial statements and accounts which the institution is required to submit to other authorities
- ensuring that the institution maintains satisfactory financial systems
- providing professional advice on all matters relating to financial policies and procedures
- day-to-day liaison with internal and external auditors in order to achieve efficient processes.

### **7.2 Business Managers**

Business Managers support the Finance Director within their own academy in:-

- preparing annual capital and revenue budgets and financial plans
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- overseeing financial procedure

- internal & external audit

### **7.3 Heads of department/Budget holder**

Heads of department/budget holders are responsible to the head teacher for financial management for the areas or activities they control. They are advised by the finance director in executing their financial duties. The finance director will also supervise and approve the financial systems operating within their departments including the form in which accounts and financial records are kept. Heads of departments/budget holders are responsible for establishing and maintaining clear lines of responsibility within their department/area of responsibility for all financial matters.

~~Where resources are devolved to budget holders, they are accountable to their head of department/headteacher for their own budget.~~

Heads of department/budget holders shall provide the finance director/business manager with such information as may be required to enable:

- compilation of the institution's financial statements
- implementation of financial planning
- implementation of audit and financial reviews, projects and value for money studies.

### **7.4 All members of staff**

All members of staff should be aware and have a general responsibility for the security of the institution's property, for avoiding loss and for due economy in the use of resources.

They should ensure that they are aware of the institution's financial authority limits and the values of purchases for which quotations and tenders are required (see Appendix E Summary of delegation).

They shall make available any relevant records or information to the finance director or her authorised representative in connection with the implementation of the institution's financial policies, these financial regulations and the system of financial control.

They shall provide the finance director with such financial and other information as she may deem necessary, from time to time, to carry out the requirements of the trust directors.

They shall immediately notify the finance director whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the institution. The finance director shall take such steps as he or she considers necessary by way of investigation and report.

## 8 Risk Management

- 8.1 Risk management can be defined as ‘*coordinated activities to direct and control an organisation with regard to risk*’.<sup>1</sup> The institution acknowledges the risks inherent in its business, and is committed to managing those risks which 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 institution will be set out in a separate risk management strategy.
- 8.2 The Trust Directors have overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the institution through the development, implementation and embedding within the organisation of a formal, structured risk management process.
- 8.3 In line with this policy, the Trust requires that the risk management strategy and supporting procedures include:
- the adoption of common terminology in relation to the definition of risk and risk management
  - the establishment of institution-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis
  - a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes (see above)
  - a decision on the level of risk to be covered by insurance (see 24.1)
  - detailed regular review at department or support function level 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 governing body of all risks above established tolerance levels
  - an annual review of the implementation of risk management arrangements; and
  - the capability for independent verification.

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<sup>1</sup> BS ISO 31000:2009 *Risk Management: Principles and Guidelines* (BSI).

## 9 Whistleblowing

- 9.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party, see Appendix E) about malpractice in the workplace. A whistleblower 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 **or breach of the financial regulations** and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 9.2 Normally, any concern about a workplace matter at the institution should be raised with the relevant member of staff's immediate line manager or head of department/headteacher. However, the institution recognises that because of the seriousness or sensitivity of some issues, together with the knowledge of whom the member of staff thinks may be involved, may make this difficult or impossible.
- 9.3 A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose. If the member of staff does not wish to raise the matter with the designated member of staff, or with the head teacher or the chair of the governing body, it may be raised with the chair of the trust.
- 9.4 The full procedure for whistleblowing is set out in the institution's separate whistleblowing policy, which is available on the website. ~~Further details of the Public Interest Disclosure Act are set out at Appendix E.~~

## 10 Code of Conduct

- 10.1 The institution is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee) which governing body members and members of staff at all levels are expected to observe. These principles are set out at Appendix F. In addition, the institution expects that staff at all levels will observe its code of conduct,<sup>2</sup> contained in its detailed financial procedures, which covers:
- probity and propriety
  - selflessness, objectivity and honesty
  - relationships.

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<sup>2</sup> For further information, see *The Good Governance Standard for Public Service Organisations* (CIPFA/OPM, 2004).

Governing body members are also charity trustees and as such are subject to obligations imposed by charity law. Their dual role may introduce potential conflicts of interest which they will need to manage appropriately.

- 10.2 Additionally, directors, members of the governing bodies, senior management or those involved in procurement are required to disclose interests in the institution's register of interests maintained by the registrar (or other designated officer). They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.
- 10.3 In particular, no person shall be a signatory to an institution contract where he or she also has an interest in the activities of the other party.

#### 10.4 Receiving gifts or hospitality

The Bribery Act 2010 came into force on 1 July 2011. The Act introduced new offences for acts of bribery by individuals, or persons associated with relevant organisations. The penalties are severe for any employee convicted under the Act, which could mean a criminal record with ten years' imprisonment and unlimited fines. The institution's anti-bribery policy statement<sup>3</sup> can be found on the finance department's webpages.

The guiding principles to be followed by all members of staff must be:

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest
- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

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 institution would be likely to provide in return.

When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from ~~the relevant head of department~~ or the chief financial officer. Guidance on acceptable

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<sup>3</sup> A model anti-bribery policy and procedures developed by the CIPFA Better Governance Forum are included at Appendix G to this guide.

hospitality is contained in the detailed financial procedures. For the protection of those involved, the finance director (or other designated officer) will maintain a register of gifts and hospitality received where the value is in excess of £50. Members of staff in receipt of such gifts or hospitality are obliged to notify the finance director (or other designated officer) promptly.

## **C FINANCIAL MANAGEMENT AND CONTROL**

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### **11 Financial Planning**

**11.1** The finance director, working with the business managers, is responsible for preparing annually a rolling three-year financial plan for approval by the trust directors on the recommendation of the finance and general purposes committee<sup>4</sup> and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans and estates strategy approved by the governing body.

#### **11.2 Budget objectives**

The Trust will, from time to time, set budget objectives for the institution. These will help the chief financial officer in preparing his or her more detailed financial plans for the institution.

#### **11.3 Resource allocation**

Resources are allocated annually by the Trust on the recommendation of the finance and general purposes committee, and on the basis of the above objectives. Heads of departments are responsible for the economic, effective and efficient use of resources allocated to them.

#### **11.4 Budget preparation**

The finance director and business managers are responsible for preparing each year an annual revenue budget and capital programme for consideration by the finance and general purposes committees before submission to the trust directors. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The finance director/business manager must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to heads of department/budget holders as soon as possible following their approval by the governing body.

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During the year, the finance director and business managers are responsible for submitting revised budgets to the finance and general purpose committees for consideration before submission to the Trust for approval.

#### **11.5 Capital programmes**

The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the institution's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the Trustees (the Roman Catholic Diocese of Nottingham) and the trust directors.

The finance director will establish protocols for the inclusion of capital projects in the capital programme for approval by the Trustees and the Trust directors.

These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. They ~~are summarised at Appendix H and~~ are shown in more detail in the financial procedures.

The finance director will also establish procedures for the approval of variations, including the notification of large variations to the funding body, as laid down in funding body guidelines.

The finance director/business managers are responsible for providing regular statements concerning all capital expenditure to finance and general purposes committee for monitoring purposes.

Following completion of a capital project, a post-project evaluation or final report should be submitted to the finance and general purposes committee including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in funding body guidelines.

#### **11.6 Other major developments including overseas activity**

Any new aspect of business, or proposed establishment of a company or joint venture or overseas activity, which will require an investment in buildings, resources or staff time of more than £10,000 should be presented to the Trust (with prior review by the finance and general purposes committee). The institution must have due regard to the relevant guidelines issued by the funding body.

The finance director will establish protocols for these major developments to enable them to be considered for approval by the Trust. These will set out the information that is required for each proposed development including a business plan, using a risk based approach and covering risk and accountability issues, as

well as the financial criteria that they are required to meet. They are summarised at Appendix L and are shown in more detail in the financial procedures.

## **12 Financial Control**

### **12.1 Budgetary control**

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively. Budget holders are responsible to their head of department/headteacher for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the finance director by the head of department/headteacher concerned and, if necessary, corrective action taken.

### **12.2 Financial information**

The budget holders are assisted in their duties by management information provided by the finance director. The types of management information available to the different levels of management are described in the detailed financial procedures, together with the timing at which they can be expected.

The finance director and business managers are responsible for supplying budgetary reports on all aspects of the institution's finances to finance committee on a basis determined by the finance committee but subject to any specific requirements of the funding body. The relevant extracts from the overall position are reported to each committee so that they are aware of their own financial performance against budget. These reports are presented to the governing body, which has overall responsibility for the institution's finances.

### **12.3 Changes to the approved budget**

Changes proposed to the approved budget will be first considered by the finance and general purposes committee, which will make proposals to the Trust unless they fall within the delegated approval arrangements:

- principal up to £30,000
- finance committee Above £30,000

### **12.4 Virement**

Where a budget holder is responsible for more than one budget, virement is permitted of up to 75% of the budget from which virement is sought, with the written approval of the head of department/headteacher.

Virement between budgets held by different budget holders is permitted up to 75% of the budget from which virement is sought with the written approval of the transferring budget holder and the head of department.

The chief financial officer is responsible for submitting requests for virement of resources above £30,000 to the finance and general purposes committee for consideration before submission to the governing body for approval.

#### **12.5 Treatment of year-end balances**

At the year end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year unless the finance and general purposes committees has approved a specific scheme for carrying forward all or part of unspent amounts. Specific departmental consumables and equipment account balances may be carried forward with the approval of the finance committees.

### **13 Accounting Arrangements**

#### **13.1 Financial year**

The institution's financial year will run from 1 September until 30 August the following year.

#### **13.2 Basis of accounting**

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

#### **13.3 Format of the financial statements**

The financial statements are prepared in accordance with *Accounting and Reporting by Charities: Statement of Recommended Practice*, subject to any specific requirements of the funding body, and in accordance with the provisions of the Companies Act legislation.

#### **13.4 Capitalisation and depreciation**

New land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal instalments over their estimated remaining useful life. Land will not be depreciated.

Works of art and other valuable artefacts (heritage assets) valued over £5,000 are capitalised and recognised at the cost or value of the acquisition where the cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

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.

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 £5,000 or more. Grouped items (eg a suite of computers) with an individual value of less than £700, but a group value of less than £5,000 or more, will not be capitalised. Capitalised assets other than land and buildings will be depreciated over a period of 3 years commencing in the year of acquisition for IT equipment and 10 years for non-IT equipment and fixtures and fittings.

### **13.5 Accounting records**

The finance director and business managers are responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities.

Prime documents include:

- official purchase orders
- paid invoices
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- payroll records including part-time lecturers' contracts.

The finance director will make appropriate arrangements for the retention of electronic records.

The institution is required by law to retain prime documents for six years. Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder. Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations.

### **13.6 Public access**

Under the terms of the financial memorandum/funding agreement, the Trust Directors are required to supply any person with a copy of the institution's most recent financial statements within two months of a request. The Act enables the governing body to levy a reasonable fee and this will be charged at the discretion of the finance director. The institution will also allow members of the public to inspect the statement of accounts during normal working hours, provide copies to local libraries and make a summary available on the institution's website.

### **13.7 Taxation**

The finance director is responsible for advising heads of department on all taxation issues, in the light of guidance issued by the appropriate bodies and

relevant legislation as it applies to the institution. Therefore the finance director will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, corporation tax and import duty.

The finance director is responsible for maintaining the institution's tax records, receiving tax credits and submitting tax returns by their due date as appropriate.

## **14 Audit Requirements**

### **14.1 General**

External auditors and internal auditors shall have authority to:

- access institution premises at reasonable times
- access all assets, records, documents and correspondence relating to any financial and other transactions of the institution
- require and receive such explanations as are necessary concerning any matter under examination
- require any employee of the institution to account for cash, stores or any other institution property under his or her control
- access records belonging to third parties, such as contractors, when required.

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

Following consideration by the finance and general purposes committees, the financial statements should be reviewed by the audit committee. On the recommendation of the finance and audit committees, they will be submitted to the Trust Board for approval.

### **14.2 External audit**

The external auditors should be reappointed annually by the Trust directors. The directors will be advised by the audit committee. It is good practice for a competitive tendering exercise to be held at regular intervals, at least every five years.

The primary role of external audit is to report on the institution'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. Their duties will be in accordance with advice set out in the funding body's *Academies Financial Handbook* and the Auditing Practices Board's statements of auditing standards.

### 14.3 Internal audit<sup>5</sup>

The internal auditor is appointed by the Trust on the recommendation of the audit committee.

The internal audit service remains independent in its planning and operation but has direct access to the governing body, the principal and the chair of the audit committee.

### 14.4 Fraud and corruption

It is the duty of all members of staff, management and the governing body to notify the finance director immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. The institution's fraud policy statement is included at Appendix G

The finance director shall immediately invoke the fraud response plan, which incorporates the following key elements (see Appendix G for fuller details):

- She will notify the principal accounting officer and the audit committee (through its chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report.
- The principal accounting officer shall inform the police if a criminal offence is suspected of having been committed.
- Any significant cases of fraud or irregularity shall be reported to the funding body in accordance with its requirements as set out in the *Academies Financial Handbook*.
- The audit committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate.
- The internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the audit committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the chief financial officer and/or the principal, the member of staff shall notify the chair of the audit committee direct of his or her concerns regarding irregularities.

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<sup>5</sup> Although there is not a specific requirement for academies to appoint an internal auditor, the *Academies Financial Handbook* requires that academies have an effective process for independent checking of financial controls, transactions and risks.

#### **14.5 Value for money**

The governing bodies of the academies are responsible for securing value for money from public funds. The governing body or finance committee should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the funding and regulatory agency and the National Audit Office.

#### **14.6 Other auditors**

The institution may, from time to time, be subject to audit or investigation by external bodies such as the funding body, the National Audit Office, the European Court of Auditors, HM Revenue & Customs. They have the same rights of access as external and internal auditors.

### **15 Treasury Management**

#### **15.1 Treasury management policy**

The trust directors are responsible for approving a treasury management policy statement (based on CIPFA's *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes* and sector-specific guidance) setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with any funding body rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The finance and general purposes committees have a responsibility to ensure implementation, monitoring and review of such policies.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the finance director and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the institution and shall conform to any relevant funding body requirements. The finance director and her staff are required to act in accordance with CIPFA's code of practice.

The finance director/business manager will report to finance and general purposes committee termly in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him.

#### **15.2 Appointment of bankers and other professional advisers**

The Trust is responsible for the appointment of the institution's bankers and other professional financial advisers (such as investment managers) on the recommendation of the finance and general purposes committees. The appointment shall be for a specified period after which consideration shall be given by the finance committee to competitively tendering the service.

### **15.3 Banking arrangements**

The finance director is responsible, on behalf of Trust, for liaising with the institution's bankers in relation to the institution's bank accounts.

Bank accounts for dealing with the institution's funds may only be opened or closed with the agreement of the Finance Director and when authorized in accordance with the relevant bank mandates. ~~Only the finance director may open or close a bank account for dealing with the institution's funds.~~ All bank accounts shall be in the name of the institution or one of its subsidiary companies.

All automated transfers on behalf of the institution, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the finance and general purposes committee of the individual academy. Details of authorised persons and limits shall be provided for in the institution's detailed financial procedures (see 20.2).

The finance director/business managers are responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

## **16 Income**

### **16.1 General**

The finance director is responsible for ensuring that appropriate procedures are in operation to enable the institution to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the finance director.

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the finance and general purposes committees, and are approved by the Trust.

The finance director/business managers are responsible for the prompt collection, security and banking of all income received.

The finance director/business managers are responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the institution's accounts.

The finance director/business managers are responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

### **16.2 Maximisation of income**

It is the responsibility of all staff to ensure that revenue to the institution is maximised by the efficient application of agreed procedures for the identification,

collection and banking of income. In particular, this requires the prompt notification to the chief financial officer of sums due so that collection can be initiated.

### **16.3 Receipt of cash, cheques and other negotiable instruments**

All monies received within departments from whatever source must be recorded by the department on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments.

All monies received must be paid to the finance office promptly, and in accordance with a timetable prescribed by the finance director and set out in financial procedures. The custody and transit of all monies received must comply with the requirements of the institution's insurers.

All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenses or be paid into the departmental petty cash float. Personal or other cheques must not be cashed out of money received on behalf of the institution.

#### **Internet receipts**

The institution offers an online payment facility to students for secure payment of school meals/other costs associated with their studies and to the general public for some other types of service.

Access is via secure login through the institution portal or approved in-house website. Once a successful payment has been made, a receipt will be generated electronically to the email address specified when lodging the cardholder details. The receipt should be retained to support evidence of payment.

In operating this facility the institution is subject to continuous risk assessment and annual review by the external service provider. Where these facilities are used outside the finance office, it is the head of school's responsibility to ensure all terms of use are complied with.

### **16.4 Collection of debts**

The finance director/business manager should ensure that:

- debtors invoices are raised promptly on official invoices, in respect of all income due to the institution
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account
- any credits granted are valid, properly authorised and completely recorded
- VAT is correctly charged where appropriate, and accounted for
- monies received are posted to the correct debtors account

- swift and effective action is taken to collect overdue debts, in accordance with the protocols noted in the financial procedures
- outstanding debts are monitored and reports prepared for management.

Only the finance director can implement credit arrangements and indicate the periods in which different types of invoice must be paid. ~~These were approved by the finance committee on.~~ Any subsequent changes must be submitted to the finance committee for approval.

Requests to write off debts in excess of £500 must be referred in writing to the finance director for submission to the finance and general purposes committees for consideration. Debts below this level may be written off with the permission of the finance director.

The requirements of the institution's articles of government should be taken into account.

#### **16.5 Student fees**

The procedures for collecting fees for trip/visits or resources must be approved by the finance director. She and the business managers are responsible for ensuring that all student fees due to the institution are received.

Any student who has not paid for any item owing to the institution shall be prevented from using any of the institution's facilities unless appropriate arrangements have been made.

#### **16.6 Refunds**

The institution seeks to minimise the opportunities for money laundering in accordance with the Money Laundering Regulations 2007. Where refunds are required, they should be made to the original payer and follow the method by which the money was received. For further information see the institution's policy on bribery and money laundering.

#### **16.7 Student loans**

Appropriate records will be maintained to support all transactions involving student loans.

#### **16.8 Emergency/hardship loans**

The institution's scheme for emergency/hardship loans must be approved by the governing body. This will include the maximum assistance that can be given in any individual case. Under no circumstances should payments be made other than in accordance with the approved scheme.

The finance director is responsible for ensuring the adequacy of the systems in place for:

- approving loans in accordance with the scheme

- paying loans that have been approved
- recovering loans that have been paid.

## **18 Other Income-generating Activity**

### **18.1 Private consultancies and other paid work**

Unless otherwise stated in a member of staff's contract:

- outside consultancies or other paid work may not be accepted without the consent of the head teacher.
- applications for permission to undertake work as a purely private activity must be submitted to the head teacher, as appropriate, and include the following information:
  - the name of the member(s) of staff concerned
  - title of the project and a brief description of the work involved
  - the proposed start date and duration of the work
  - full details of any institution resources required (for the calculation of the full economic cost)
  - an undertaking that the work will not interfere with the teaching and normal institutional duties of the member(s) of staff concerned.

### **18.2 Short courses and services rendered**

In this context a short course is any course that does not form part of the award-bearing teaching load of the department.

Any staff wishing to run a short course must have the permission of his or her head of department/headteacher. The course organiser will be responsible to the head of department/headteacher for day-to-day management of the course.

The term 'services rendered' includes testing and analysis of materials, components, processes and other laboratory services or the use of existing facilities in order to gain additional information.

### **18.4 European Union and other 'match funding'**

Any such project requires the approval of the appropriate officer prior to any commitment being entered into. Such approval shall be dependent upon the relevant budget holder/head of department being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the institution's costing and pricing policy.

Individual applications for funds in excess of £10,000 shall be the subject of a report by the head teacher to the governing body which will set out, among other things, the potential risks generated by the project.

If the institution sub-contracts such work to external providers, the relevant budget holder/head of department shall ensure that:

- this is on the basis of a written contract which allows for full audit access to detailed records
- appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality
- payments are only made against detailed invoices.

#### **18.5 Profitability and recovery of overheads**

All other income-generating activities must be self-financing or surplus generating unless it is intended that a new course be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the budget holder ~~head of department~~ and the chief financial officer.

Other income-generating activities organised by members of staff must be costed and agreed with the finance director/business manager before any commitments are made. Provision must be made for charging both direct and indirect costs in accordance with the institution's costing and pricing policy, in particular for the recovery of overheads.

#### **18.6 Deficits**

Any unplanned deficits incurred on other income-generating activities will be a charge to departmental funds.

#### **18.7 Additional contributions to departments**

Distribution of profits on other income-generating activity between central funds of the institution and individual departments will be in accordance with the policy approved by the finance committee.

#### **18.8 Additional payments to staff**

Any proposal which involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the head teacher.

## **19 Intellectual Property Rights and Patents**

### **19.1 General**

Certain activities undertaken within the institution including research and consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property.

### **19.2 Patents**

The finance and general purposes committees are responsible for establishing

procedures to deal with any patents accruing to the institution from inventions and discoveries made by staff in the course of their research.

### **19.3 Intellectual property rights**

In the event of the institution deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the institution and contained in the institution's detailed financial procedures.

## **20 Expenditure**

### **20.1 General**

The finance director/business managers are responsible for making payments to suppliers of goods and services to the institution.

### **20.2 Scheme of delegation/financial authorities**

The budget holder/head of department is responsible for purchases within his or her department. Purchasing authority may be delegated to named individuals within the department. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures.

The finance director/business managers shall maintain a register of authorised signatories and heads of departments must supply him with specimen signatures of those authorised to certify invoices for payment (for paper-based systems).

Under procedures agreed by the finance director central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits (for electronic systems).

Any changes to the authorities to commit expenditure must be notified to the finance director immediately.

Heads of department and budget holders are not authorised to commit the institution to expenditure without first reserving sufficient funds to meet the purchase cost.

The member of staff (or budget holder) authorising the invoice for payment must be different from the member of staff responsible for signing the purchase order form.

Expenditure on a single item in excess of £10,000 shall require the approval of the head teacher. Expenditure on items in excess of £50,000 shall require the approval of the finance and general purposes committees.

### **20.3 Procurement**

The institution requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent

with quality, delivery requirements and sustainability and equality legislation, and in accordance with sound business practice, taking into account framework agreements as appropriate. Factors to be considered in determining lowest cost are noted in the financial procedures.

The purchasing function is the responsibility of the finance directors (or other designated officer) although it may be delegated to another member of staff. It will:

- ensure that the institution's purchasing policy is known and observed by all involved in purchasing for the institution
- provide advice on matters of institution purchasing policy and practice
- provide advice to and assist departments where required on specific departmental purchases
- develop appropriate standing supply arrangements on behalf of the institution to assist budget holders in meeting their value for money obligations
- vet all orders before they leave the institution
- draft and negotiate all large-scale purchase contracts (generally in excess of £5,000) undertaken by the institution, in collaboration with the responsible department
- ensure that the institution complies with European Union regulations on public purchasing policy.

#### **20.4 Purchase orders**

The ordering of goods and services shall be in accordance with the institution's detailed financial procedures/purchasing policies. Official institution orders must be placed for the purchase of all goods or services, except those made using purchasing cards, company credit cards or petty cash and for regular monthly commitments eg rates, energy. In exceptional circumstances, urgent orders may be given orally but must be confirmed by an official purchase order endorsed 'confirmation order only'.

When transferring goods or services between departments, an interdepartmental transfer form must be used.

It is the responsibility of the finance director/business manager (~~through the institution's purchasing officer~~) to ensure that all purchase orders refer to the institution's conditions of contract (see 20.8 and Appendix L).

#### **20.5 Purchasing and debit cards**

The operation and control of the institution's purchasing and debit cards are the responsibility of the finance director/business manager. There will be appropriate oversight of the distribution of such cards and the associated card limits.

Holders of cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs. The finance director shall determine what information is required on purchases made with cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained. There should be appropriate segregation of duties, with those reviewing and reconciling cards not holding and using those cards.

Details of the operation of the scheme are set out in financial procedures.

## **20.6 Tenders and quotations**

Heads of department and delegated budget holders must comply with the institution's tendering procedures contained in the institution's code of tendering practice, which are applicable as follows:

- under £500 – the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained
- from £500\_\_\_ to £2,999 – the budget holder shall be required to obtain at least three quotations
- from £3,000 to £49,999 – the finance director/business manager ~~purchasing-officer~~ shall arrange for at least three written quotations to be obtained
- over £50,000 – all items will require three competitive tenders
- the award of contracts over £10,000 shall be reported to the finance and general purposes committees.

Only partnership arrangements for the supply of goods or services specifically approved by the finance and general purposes committees or the Trust will fall outside these arrangements for tenders and quotations.

~~The main points covered by the institution's code of tendering practice are described at Appendix.. and may be subject to special rules imposed by funding bodies.~~

## **20.7 Post-tender negotiations**

Post-tender negotiations (ie after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms can be entered into provided:

- it would not put other tenderers at a disadvantage
- it would not affect their confidence and trust in the institution's tendering

process.

In each case a statement of justification should be approved by the accounting officer prior to the event showing:

- background to the procurement
- reasons for proposing post-tender negotiations
- demonstration of the improved value for money.

All post-tender negotiations should be reported to the finance and general purposes committees.

## **20.8 Contracts**

The approval of the Trustees to the Diocese is needed before any work to the property is carried out. This requirement applies also to any newly established Catholic Voluntary Academies. Building contracts are the responsibility of the finance and general purposes committees. See Appendix H - *NDES Guidelines for Managing a Capital Project*.

Proposals will normally be initiated by the local governing bodies in respect of planned replacements, general improvement schemes, or space planning, or in response to requests from departments.

Consultants may be appointed if the project, is too large or too specialised for estates department resources. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the finance director as appropriate for finance and general purposes committee' consideration. Investment appraisals should comply with appropriate funding body guidance.

Following consideration by the estates committee and the planning and resources committee, and approval by the governing body, submissions should be forwarded to the funding body where appropriate. If required agreement is secured from the funding body, funding body procedural rules should be followed. Funding body guidance on best practice should be followed even when funding body approval is not required.

The achievement of value for money will be an objective in the letting of all contracts.

Conditions of contract for the purchase of goods will be followed as described in the institution's detailed financial procedures. ~~The main points are described at Appendix M.~~

## **20.9 EU regulations**

The finance director/business manager ~~purchasing officer~~ is responsible for ensuring the institution complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The finance director/business manager ~~purchasing officer~~ will advise heads of department on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

It is the responsibility of budget holders ~~heads of departments~~ to ensure that their members of staff comply with EU regulations by notifying the finance director/business manager ~~purchasing officer~~ of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as OJEU.

The finance director/business manager ~~purchasing officer~~ is also required annually to submit to the funding body details on expenditure which exceeds the threshold. Copies of the relevant documentation falling into this category must be provided by budget holders ~~heads of department~~ to the finance director/business manager ~~purchasing officer~~.

## **20.10 Receipt of goods**

All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

All goods received shall be entered onto an appropriate goods received document or electronic receipting system on the day of receipt. If the goods are deemed to be unsatisfactory the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery the record should be marked accordingly and the supplier immediately notified.

All persons receiving goods on behalf of the institution must be independent of those who negotiated prices and terms and placed the official order.

## **20.11 Payment of invoices**

The procedures for making all payments shall be in a form specified by the finance director

The finance director/business managers are responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by cheques or BACS transfer each week. In

exceptional circumstances the finance director/business managers will arrange for manual cheques to be written or single BACS transfers be made for urgent payments.

Heads of department are responsible for ensuring that expenditure within their departments does not exceed funds available.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the finance department.

Care must be taken to ensure that discounts receivable are obtained.

Payments will only be made by the finance director/business managers against invoices that can be matched to a receipted order or have been certified for payment by the appropriate head of department or budget holder.

Certification of an invoice or receipting of an electronic order will ensure that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- where appropriate, it is matched to the order
- invoice details (quantity, price discount) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- where appropriate, an entry has been made on a stores record or departmental inventory
- an appropriate cost centre is quoted – this must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

#### **20.12 Staff reimbursement**

The institution's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasions, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 21.5).

Where such purchases by staff are planned, the finance director/business managers and the relevant budget holder/head of department may jointly approve cash advances to staff who are going to incur expenditure on the institution's behalf. Upon completion of the travel or project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no

circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

#### **20.13 Petty cash**

Where a single item is for less than £50 it should be paid from petty cash if possible. It must be supported by receipts or vouchers where available and will only be paid if there are sufficient funds in the budget.

The petty cash box must be kept locked in a secure place in compliance with the requirements of the institution's insurers when not in use and will be subject to periodic checks by the finance director/business manager or another person nominated by her.

Standard institution petty cash books are supplied by the finance director/business manager and must be used for recording all petty cash accounts.

At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter-signed by the finance director/business manager.

In no circumstances are:-

- Personal cheques cashed through petty cash
- Staff loans paid through petty cash

#### **20.14 Other payments**

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the finance director/business managers, supported by detailed claims approved by the budget holder/head of department.

Individual payments under 'outward collaborative provision' contracts shall be authorised by the finance director. This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved under a scheme set out by the trust.

#### **20.15 Late payment rules**

The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:

- small businesses can charge interest on overdue invoices
- interest is chargeable on sales made after 1 November 1998
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of England

- the Act also applies to overseas organisations
- the institution can be sued for non-payment.

In view of the penalties in this Act, the governing body requires that invoices must be passed for payment as soon as they are received.

#### **20.16 Project advances**

The finance director/business managers and the relevant budget holder/head of department may jointly approve cash advances for projects carried out away from the institution where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or an institution credit card.

Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to a project or individual is still outstanding.

#### **20.17 Giving hospitality**

Staff entertaining guests from outside bodies at lunch time should normally use the institution's catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement.

The limits concerning acceptable expenditure for entertaining guests are set out in the institution's detailed financial procedures.

It is an offence under section 7 of the Bribery Act 2010 for commercial organisations to fail to prevent persons associated with them from bribing another person on their behalf. The institution's anti-bribery policy statement can be found on the institution's website.

#### **20.18 Telecoms**

The institution will reimburse staff for the cost of necessary business calls made from a private home phone or personal mobile in performance of employment duties.

The institution does not reimburse the cost of private line rental or broadband connections.

The institution provides mobile phones to a limited number of employees where there is a genuine business requirement to enable performance of employment duties.

#### **20.19 Provision of clothing**

Where clothing is provided to employees whose duties require them to wear a

uniform, that clothing must bear an institution logo. The logo must be permanent and clearly identify the wearer as a member of staff.

#### **20.20 Payments to volunteers**

It is the responsibility of the head of department to ensure that payments made to volunteers are correctly administered. The institution allows two types of payment from an approved budget:

- reimbursement of actual travel costs when fully supported by receipts
- a small gift or thank you payment as long as it is clearly a token of appreciation, not compensation, and there is no sense that those goods, vouchers or cash are expected in advance.

## **21 Pay Expenditure**

### **21.1 Remuneration policy**

All institution staff will be appointed to the salary scales approved by the Pay committee and in accordance with appropriate conditions of service. All letters of appointment must be issued by the human resources office.

The trust will determine what other benefits, such as cars, medical and life insurance, are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available.

Salaries and other benefits for senior management will be determined by the Pay committee set up by the trust.

### **21.2 Appointment of staff**

All contracts of service shall be concluded in accordance with the institution's approved human resources practices and procedures and all offers of employment with the institution shall be made in writing by the Company Secretary. Budget holders shall ensure that the finance director/business manager and the Company Secretary are provided promptly with all the information they may require in connection with the appointment, resignation or dismissal of employees.

### **21.3 Salaries and wages**

The finance director/business managers are responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All time sheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the finance director.

The Company Secretary will be responsible for keeping the finance director/business managers informed of all matters relating to human resources for payroll purposes. In particular these include:

- appointments, resignations, dismissals, supervisions, secondments and transfers
- absences from duty for sickness or other reason, apart from approved leave
- changes in remuneration other than normal increments and pay awards
- information necessary to maintain records of service for superannuation, income tax, and national insurance
- visa checks where relevant in accordance with legislative requirements.

The finance director/business managers are responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

The finance director/business managers shall be responsible for keeping all records relating to payroll including those of a statutory nature.

All payments must be made in accordance with the institution's detailed payroll financial procedures and comply with HM Revenue & Customs regulations. Staff should be aware that the institution could incur penalties for non-compliance with such regulations.<sup>6</sup>

#### **21.4 Superannuation schemes**

The trust is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

The finance director/business managers are responsible for day-to-day superannuation matters including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes

The Company Secretary is responsible for administering eligibility to pension arrangements and for informing the finance director/business managers when deductions should begin or cease for staff.

#### **21.5 Expenses and allowances**

The institution has dispensation from HM Revenue & Customs to make payments to employees for certain specified items without deduction of income tax.

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<sup>6</sup> Where there are requests to make a one-off or occasional payment to sport referees or people delivering enrichment activities in a school or an academy, these individuals may present themselves as self-employed or just claiming a nominal fee. While it is good practice to ensure that the individual signs a statement to confirm that they are declaring their own taxation and national insurance, if appropriate, it remains the responsibility of the employer to ensure that the correct employment status is applied.

Reimbursement by the institution of expenditure not included in the dispensation is subject to the deduction of income tax before payment.

### **Travel, subsistence and other allowances**

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the finance director.

Claims by members of staff must be authorised by their head teacher. The certification by the head teacher shall be taken to mean that:

- the journeys were authorised
- the expenses were properly and necessarily incurred
- the allowances are properly payable by the institution
- consideration has been given to value for money in choosing the mode of transport.

Arrangements for travel by the principal or members of the governing body shall be approved by the chair of the governing body. Arrangements for travel by the chair shall be approved by the finance and general purposes committees.

#### **21.7 School trips**

In academies, members of staff must ensure that charges/funds available for taking students on school trips cover the costs of those trips – see Charging and Remissions Policy.

#### **21.8 Allowances for members of the governing body**

Claims for members of the governing body will be authorised by the clerk to the governors. Claims for meeting attendance will be based on out-of-pocket expenses, but only reasonable expenses can be reimbursed.

#### **21.9 Severance and other non-recurring payments**

Severance payments shall only be made in accordance with relevant legislation and funding body guidance and under a scheme approved by the trust through the Pay Committee. Professional advice should be obtained where necessary. No amounts shall be expended which exceed the budget allocated for the purpose. All such payments shall be authorised by the principal headteacher and calculations checked by the Company Secretary or the finance director. In exceptional circumstances approval may be given by the chair of the pay committee in consultation with the head teacher, to be reported to the next meeting of the trust. Amounts paid should be declared in the financial statements.

All matters referred to an industrial tribunal shall be notified to the human resources and the finance and general purposes and pupil and personnel

committees at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

## **22 Assets**

### **22.1 Land, buildings, fixed plant and machinery**

The purchase, lease or rent of land or building or fixed plant can only be undertaken with authority from the Diocesan Trustees and the and with reference to funding body requirements where exchequer-funded assets or exchequer funds are involved.

### **22.2 Fixed asset register**

The finance director/business managers are responsible for maintaining the institution's register of land, buildings, fixed plant and machinery. Heads of departments will provide the finance director/business managers with any information they may need to maintain the register.

### **22.3 Inventories**

Heads of departments are responsible for maintaining inventories, in a form prescribed by the finance director, for all plant, equipment, furniture and stores in their departments with a value in excess of £50, that are portable and desirable. The inventory must include items donated or held on trust.

Inventories must be checked at least annually as described in the institution's detailed financial procedures.

When transferring equipment, etc, between departments, a transfer record must be kept and the inventories amended accordingly.

### **22.4 Stocks and stores**

Heads of departments are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting in departments must have the approval of the finance director.

Heads of departments are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

Those heads of department whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the finance director and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the institution's detailed financial procedures.

### **22.5 Safeguarding assets**

Heads of department/budget holders are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control. They will consult the finance director/business managers in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Assets owned by the institution shall, so far as is practical, be effectively marked to identify them as institution property.

### **22.6 Personal use**

Assets owned or leased by the institution shall not be subject to personal use without proper authorisation.

### **22.7 Asset disposal**

Disposal of equipment and furniture must be in accordance with procedures agreed by the trust and contained in the institution's detailed financial procedures.

Disposal of land and buildings must only take place with the authorisation of the Diocesan Trustees. Funding body consent may also be required if exchequer funds were involved in the acquisition of the asset.

### **22.8 All other assets**

Heads of departments/budget holders are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the institution, whether tangible (such as stock – see above) or intangible (such as intellectual property – see paragraph 19), including electronic data.

## **23 Funds Held on Trust**

### **23.1 General**

The finance director/business managers are responsible for ensuring that incoming funds are properly classified and designated as appropriate.

### **23.2 Gifts, benefactions and donations**

The finance director/business managers are responsible for maintaining financial records in respect of gifts, benefactions and donations made to the institution and initiating claims for recovery of tax where appropriate.

### **23.3 Student welfare and access funds**

The finance director will prescribe the format for recording the use of student welfare funds.

Records of welfare funds will be maintained according to funding body requirements.

#### **23.4 Trust funds**

The finance director/business managers are responsible for maintaining a record of the requirements for each trust fund and for advising finance committee on the control and investment of fund balances.

Finance and general purposes committees are responsible for ensuring that all the institution's trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

#### **23.5 Voluntary funds**

The finance director shall be informed of any fund, not being an official fund of the institution, which is controlled wholly or in part by a member of staff in relation to their function in the institution.

The accounts of any such fund shall be audited by an independent external person and shall be submitted with a certificate of audit to the appropriate body. The finance director shall be entitled to verify that this has been done.

#### **23.6 Donation of equity shares**

When shares are offered by a donor, the trust is responsible for the same due diligence they would normally undertake for a donation of cash. In addition they should ensure:

- the donor is the rightful owner of the donated shares
- the company holding the shares complies with the institution's ethical policies.

At the time of the donation, the development office should obtain in writing the purpose of the donation.

All share certificates should be held in the safe.

### **24 Other**

#### **24.1 Insurance**

The finance director/business manager is responsible for the institution's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy (see paragraphs 8.1 to 8.4), 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 such as terrorism and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the finance and general purposes committees annually.

The finance director is responsible for effecting insurance cover as determined by the three finance committees. He or she is therefore responsible for obtaining

quotes. The finance director/business manager will be responsible for negotiating claims and maintaining the necessary records. They ~~finance director~~ will keep a register of all insurances effected by the institution and the property and risks covered. ~~She~~ They will also deal with the institution's insurers and advisers about specific insurance problems.

Heads of departments/budget holders must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the institution may be exposed. The finance director's advice should be sought to ensure that this is the case. Heads of departments/budget holders must give prompt notification to the finance director/business manager of any potential new risks, additional property and equipment that may require insurance and any alterations affecting existing risks. Heads of department/budget holders must advise the finance director/business manager, immediately, of any event that may give rise to an insurance claim. The finance director/business manager will notify the institution's insurers and, if appropriate, prepare a claim in conjunction with the head of department/budget holder for transmission to the insurers.

The premises manager/business manager is 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.

All staff using their own vehicles on behalf of the institution shall maintain appropriate insurance cover for business use.

### **24.3 Security**

Keys to safes or other similar containers must be kept securely at all times. The loss of such keys must be reported to the finance director immediately.

An officer shall be responsible for maintaining proper security and privacy of information held on the institution's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs, together with restricted physical access to network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

The finance director/business manager is responsible for the safekeeping of official and legal documents relating to the institution. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the chief financial officer. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

#### **24.5 Provision of indemnities**

Any member of staff asked to give an indemnity, for whatever purpose, should consult the finance director before any such indemnity is given.

### **25 Appendices**

<b>Appendix A</b>	<b>Governance and Accountability Arrangements</b>
<b>Appendix B</b>	<b>Local Governing Body</b>
<b>Appendix C</b>	<b>Finance &amp; General Purpose Committee – Terms of Reference</b>
<b>Appendix D</b>	<b>Pupil &amp; Personnel Committee – Terms of Reference</b>
<b>Appendix E</b>	<b>Summary of Scheme of Delegation</b>
<b>Appendix F</b>	<b>Seven Principles of Public Life</b>
<b>Appendix G</b>	<b>Anti Bribery &amp; Fraud Policy</b>
<b>Appendix H</b>	<b>NDES Guidelines for Managing Capital Projects</b>