

St Mary's Catholic Primary School

A Catholic Voluntary Academy



Financial regulations

Review date	Version	Date of next review	Approved
Feb 2016	1.1	Feb 2017	

OUR MISSION STATEMENT

In our Catholic School we provide a:

Safe, loving and enriching environment

Trust, and patience

Motivation to reach individual's full potential

Acceptance and celebration of uniqueness

Respect for all

Young people nurtured in the Spirit of God.

School full of awe and wonder

St. Mary's School is a Rights Respecting School and as such the needs and well being of our children are at the heart of all policies in accordance with the United Nations Convention on the Rights of the Child

A GENERAL PROVISIONS

1 Background

- 1.1** The institution is an academy 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.
- 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 academy sets out the terms and conditions on which grant is made. The governing body is responsible for ensuring that conditions of grant are met. As part of this process the academy is required to have in place sound financial systems and controls. The financial regulations of the academy 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 governing body on 11th November 2014. 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 governing body through the Resources committee. It is the responsibility of heads of departments to ensure that their staff are made aware of the existence and content of the institution's financial regulations.
- 2.5 The finance committee is responsible for maintaining a continuous review of the financial regulations, through the chief financial officer, and advising the governing body 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 governing body 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

3 The Governing Body

- 3.1** The governing body of the academy is responsible for the strategic direction and management of the academy including:
- policy development and strategic planning, including target setting
 - agreeing policies for the sound management and administration of the academy
 - allocating the academy's financial, human and other resources
 - setting performance targets
 - agreeing a development plan (often called the improvement plan)
 - producing a scheme of delegation for the management of the academy
 - ensuring compliance with legal requirements
 - ensuring sound management of the academy's finances and resources
 - setting the academy's standards of conduct and values
 - holding the principal/head teacher to account for the performance of the 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 academy
 - appointing the academy's internal and external auditors.

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. It must hold an annual general meeting each year. The academy trust, in general meeting, has the power to alter, add or to repeal any bye-laws made by the governing body.

4 Accountable Officer

- 4.1** The Headteacher 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 Headteacher is responsible to the governing body 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 academy.

5 Committee Structure

5.1 The governing body has ultimate responsibility for the institution's finances, but delegates specific powers and processes to the committees detailed below.¹ These committees are accountable to the governing body. The committee structure is included at Appendix A.

5.2 Resources committee

Monitoring of the institution's financial position and financial control systems is undertaken by the resources committee. The committee will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the governing body. 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 governing body and make recommendations accordingly. The committee will also ensure that the governing body has adequate information to enable it to discharge its financial responsibilities. Consideration of the institution's medium-term and strategic plans is undertaken by the resources committee. It is responsible for ensuring that all the financial implications of such plans are taken into account before their approval by the governing body. In addition, it is responsible for considering the institution's capital programme before it can be recommended to the governing body for approval. Similarly, it considers and makes recommendations to the governing body on the allocation of resources between academic and non-academic areas.

The resources committee's terms of reference are in Appendix B

5.3 Staffing committee

Consideration of senior management's pay and conditions is the responsibility of

the Staffing committee. It has the power to make recommendations to the governing body on their remuneration, including pay and other benefits, as well as contractual arrangements.

6 Other Senior Managers with Financial Responsibility

6.1 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.

6.2 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. Any purchases over £100 should be referred to Headteacher or School Business Manager

They should ensure that are aware of the institution's financial authority limits (see 18.2) and the values of purchases for which quotations and tenders are required (see 18.6).

They shall make available any relevant records or information to the chief financial officer or his 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 chief financial officer with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the governing body.

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

7 Risk Management

- 7.1** Risk management can be defined as ‘*coordinated activities to direct and control an organisation with regard to risk*’ 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.
- 7.2** The governing body has 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.
- 7.3** In line with this policy, the governing body 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 22.1)
 - 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.

8 Whistleblowing

- 8.1** Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (see Appendix B) 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.
- 8.2** 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. 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.
- 8.3** A member of staff may, therefore, make the disclosure to a member of the Senior Leadership Team (SLT). If the member of staff does not wish to raise the matter with the SLT, or with the Headteacher or the chair of the governing body, it may be raised with the chair of the resources committee.
- 8.4** The full procedure for whistleblowing is set out in the institution's separate whistleblowing policy which is in Appendix C.

9 Code of Conduct

- 9.1** The school 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 D. In addition, the institution expects that staff at all levels will observe its code of conduct,² contained in its detailed financial procedures, which covers:

- probity and propriety
- selflessness, objectivity and honesty
- relationships.

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.

9.2 Additionally, members of the governing body, senior management or those involved in procurement are required to disclose interests in the school's register of interests maintained by the Clerk to the Governors. 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.

9.3 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.

9.4 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 school's anti-bribery policy can be found in Appendix E.

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 hospitality is contained in the detailed financial procedures. For the protection of those involved, the chief financial officer (or other designated officer) will maintain a register of gifts and hospitality received where the value is in excess of £20. Members of staff in receipt of such gifts or hospitality are obliged to notify the chief financial officer (or other designated officer) promptly.

C FINANCIAL MANAGEMENT AND CONTROL

10 Financial Planning

10.1 The chief financial officer is responsible for preparing annually a rolling three-year financial plan for approval by the governing body on the recommendation of the resources committee 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.

10.2 Budget objectives

The governing body 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.

10.3 Resource allocation

Resources are allocated annually by the governing body on the recommendation of the resources committee, and on the basis of the above objectives. Subject leaders are responsible for the economic, effective and efficient use of resources allocated to them.

10.4 Budget preparation

The chief financial officer is responsible for preparing each year an annual revenue budget and capital programme for consideration by the resources committee before submission to the governing body. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The chief financial officer must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to budget holders as soon as possible following their approval by the governing body.

During the year, the chief financial officer is responsible for submitting revised budgets to the resources committee for consideration before submission to the governing body for approval.

10.5 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 governing body.

The chief financial officer will establish protocols for the inclusion of capital projects in the capital programme for approval by the governing body. 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.

The chief financial officer 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 chief financial officer is responsible for providing regular statements concerning all capital expenditure to resources committee for monitoring purposes.

Following completion of a capital project, a final report should be submitted to the resource 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.

10.6 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 £5000 should be presented to the resources committee. The institution must have due regard to the relevant guidelines issued by the funding body.

The chief financial officer will establish protocols for these major developments to enable them to be considered for approval by the governing body. 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 shown in more detail in the financial procedures.

11 Financial Control

11.1 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 the principal for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the chief financial officer by the subject leaders concerned and, if necessary, corrective action taken.

11.2 Financial information

The budget holders are assisted in their duties by management information provided by the chief financial officer. 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 chief financial officer is 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.

11.3 Changes to the approved budget

Changes proposed to the approved budget will be first considered by the resources committee, which will make proposals to the governing body, unless they fall within the delegated approval arrangements:

- Headteacher £5000
- finance committee £5000 .

11.4 Treatment of year-end balances

Year end balances can be carried forward with the approval of the resources committee.

12 Accounting Arrangements

12.1 Financial year

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

12.2 Basis of accounting

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

12.3 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.

12.4 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 £5000 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 £1000 or more. Grouped items (eg a suite of computers) with an individual value of less than £200, but a group value of £1000 or more, will not be capitalised.

Capitalised assets other than land and buildings will be depreciated over a period of 10 years (4 years for ICT equipment) commencing in the year of acquisition.

12.5 Accounting records

The chief financial officer is 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 staff contracts.

The chief financial officer 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.

12.6 Public access

Under the terms of the financial memorandum/funding agreement, the governing body is 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 chief financial officer. 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.

12.7 Taxation

The chief financial officer is responsible for advising budget holders 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 chief financial officer will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, corporation tax and import duty.

The chief financial officer is responsible for maintaining the institution's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

13 Audit Requirements

13.1 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 chief financial officer 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 committee, the financial statements should be reviewed by the audit committee. On the recommendation of the resources committees, they will be submitted to the governing body for approval and to the court of governors (where appropriate).

13.2 External audit

The external auditors should be reappointed annually by the governing body. The governing body will be advised by the resources 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.

13.3 Internal audit³

The internal auditor is appointed by the governing body on the recommendation of the resources 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.

13.4 Fraud and corruption

It is the duty of all members of staff, management and the governing body to notify the chief financial officer 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 F.

The chief financial officer shall immediately invoke the fraud response plan, which incorporates the following key elements (see Appendix E for fuller details):

- He or she will notify the principal and the resources 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 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 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.

³ 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.

- 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 resources committee direct of his or her concerns regarding irregularities.

13.5 Value for money

The governing body of the academy is 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.

13.6 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.

14 Treasury Management (if required in the future)

14.1 Treasury management policy

The resources committee is 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 committee has 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 chief financial officer 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 chief financial officer and his or her staff are required to act in accordance with CIPFA's code of practice.

The chief financial officer will report to finance 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.

14.2 Appointment of bankers and other professional advisers

The governing body 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 committee. The appointment shall be for a specified period after which consideration shall be given by the finance committee to competitively tendering the service.

14.3 Banking arrangements

The chief financial officer is responsible, on behalf of finance committee, for liaising with the institution's bankers in relation to the institution's bank accounts.

Only the chief financial officer 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 committee. Details of authorised persons and limits shall be provided for in the institution's detailed financial procedures (see 18.2).

The chief financial officer is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

15 Income

15.1 General

The chief financial officer 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 chief financial officer.

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the resources committee, and are approved by the governing body.

The chief financial officer is responsible for the prompt collection, security and banking of all income received.

The chief financial officer is 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 chief financial officer is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

15.2 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.

15.3 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 cashier promptly, and in accordance with a timetable prescribed by the chief financial officer 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.

15.4 Collection of debts

The chief financial officer 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.

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

15.5 Student fees

The procedures for collecting tuition fees eg music, must be approved by the chief financial officer. He or she is responsible for ensuring that all student fees due to the institution are received.

Any student who has not paid an account for fees or any other item owing to the institution shall be prevented from continuing with the extra-curricular activity unless appropriate arrangements have been made

15.6 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 school's policy on bribery. (Appendix D)

16 Other Income-generating Activity

16.1 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 headteacher.
- applications for permission to undertake work as a purely private activity must be submitted to the headteacher, 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.

16.2 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 headteacher. The course organiser will be responsible to the 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.

16.3 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 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 all funds shall be the subject of a report by the principal 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 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.

16.4 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 headteacher and the chief financial officer.

Other income-generating activities organised by members of staff must be costed and agreed with the chief financial officer 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.

16.5 Deficits

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

16.6 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 resources committee.

16.7 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 headteacher, and in the case of a headteacher, the chair of governors.

17 Intellectual Property Rights and Patents

17.1 General

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

17.2 Patents

If required the resources committee will be 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.

17.3 Intellectual property rights

In the event of the school 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.

18 Expenditure

18.1 General

The chief financial officer is responsible for making payments to suppliers of goods and services to the institution.

18.2 Scheme of delegation/financial authorities

The 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 chief financial officer 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 chief financial officer, 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 chief financial officer 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 £40 shall require the approval of the chief financial officer. Expenditure on items in excess of £5000 shall require the approval of the resources committee.

18.3 Procurement

The school 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 chief financial officer (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 above £2000 before they leave the institution
- draft and negotiate all large-scale purchase contracts (generally in excess of £2000) undertaken by the institution, in collaboration with the responsible department
- ensure that the institution complies with European Union regulations on public purchasing policy.

18.4 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. In exceptional circumstances, urgent orders may be given orally but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.

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

It is the responsibility of the chief financial officer (through the institution's purchasing officer) to ensure that all purchase orders refer to the institution's conditions of contract (see 18.8).

18.5 Purchasing cards, credit and debit cards

The operation and control of the institution's purchasing cards, credit and debit cards are the responsibility of the chief financial officer. 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 chief financial officer 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.

18.6 Tenders and quotations

Senior Leadership team and delegated budget holders must comply with the school's tendering procedures contained in the school's code of tendering practice, which are applicable as follows:

- under £5000 – the headteacher shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained
- Over £5000 – the purchasing officer shall arrange for at least three written quotations to be obtained
- over £20,000 – all items will require three competitive tenders unless it is impracticable to do so. In such circumstances the reasons for not doing so are reported to the Governing Body
- the award of contracts over £5000 shall be considered by the resources committee.

Only partnership arrangements for the supply of goods or services specifically approved by the resources committee or the governing body will fall outside these arrangements for tenders and quotations.

18.7 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 principal 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 resources committee.

18.8 Contracts

Building contracts are the responsibility of the resources committee.

Proposals will normally be initiated by the resources committee 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, as determined by the estates committee, is too large or too specialised for resources committee. 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 chief financial officer as appropriate for estates committee consideration. Investment appraisals should comply with appropriate funding body guidance.

Following consideration by the 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 school's detailed financial procedures.

18.9 EU regulations

The 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 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 the headteacher to ensure that members of staff comply with EU regulations by notifying the 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 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 heads of department to the purchasing officer.

18.10 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.

18.11 Payment of invoices

The procedures for making all payments shall be in a form specified by the chief financial officer.

The chief financial officer is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by computer cheques or BACS transfer each week. In exceptional circumstances the chief financial officer will prepare cheques manually 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 chief financial officer 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.

18.12 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 19.5).

18.13 Project advances

The chief financial officer and the relevant 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.

18.14 Giving hospitality

Staff entertaining guests from outside bodies at lunch time should normally use the school's catering facilities.

18.15 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 school does not reimburse the cost of private line rental or broadband connections.

18.16 Payments to volunteers

It is the responsibility of the headteacher to ensure that payments made to volunteers are correctly administered. The school 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.

19 Pay Expenditure

19.1 Remuneration policy

All school staff will be appointed to the salary scales approved by the governing body and in accordance with appropriate conditions of service. All letters of appointment must be issued by the school office.

The governing body 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 staffing committee set up by the governing body.

19.2 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 headteacher. The headteacher shall ensure that the chief financial officer and the staffing committee are provided promptly with all the information they may require in connection with the appointment, resignation or dismissal of employees.

19.3 Salaries and wages

The payroll service provider is 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 chief financial officer.

The headteacher will be responsible for keeping the chief financial officer 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 chief financial officer is 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 chief financial officer 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.⁴

19.4 Superannuation schemes

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

The chief financial officer is responsible for day-to-day superannuation matters including:

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

⁴ 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.

- administering the institution's pension fund.

The director of human resources is responsible for administering eligibility to pension arrangements and for informing the chief financial officer when deductions should begin or cease for staff.

19.5 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.

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 chief financial officer.

Claims by members of staff must be authorised by the headteacher. The certification by the headteacher 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 planning and resources committee.

19.6 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.

19.7 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.

19.8 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 governing body through the resources committee and where appropriate, the staffing committee. Professional advice should be obtained where necessary. No amounts shall be expended which exceed the budget allocated for the purpose. All amounts

require approval by the resources committee. In exceptional circumstances this approval may be given by the chair of the staffing committee and the chair of the resources committee in consultation with the principal, to be reported to the next meeting of the relevant committee. Amounts paid should be declared in the financial statements.

All matters referred to an industrial tribunal shall be notified to the staffing committee and the resources committees at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

20 Assets

20.1 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 governing body and with reference to funding body requirements where exchequer-funded assets or exchequer funds are involved.

20.2 Fixed asset register

The chief financial officer is responsible for maintaining the institution's register of land, buildings, fixed plant and machinery. Heads of departments will provide the chief financial officer with any information he or she may need to maintain the register.

20.3 Inventories

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.

20.4 Stocks and stores

Subject leaders 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 chief financial officer.

Subject leaders 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 subject leaders whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the chief financial officer and that instructions to appropriate staff within their departments

are issued in accordance with advice contained in the institution's detailed financial procedures.

20.5 Safeguarding assets

Subject leaders are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control. They will consult the chief financial officer 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 school shall, so far as is practical, be effectively marked to identify them as school property.

20.6 Personal use

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

20.7 Asset disposal

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

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

22.8 All other assets

Subject leaders 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 17), including electronic data.

21 Funds Held on Trust

21.1 General

The chief financial officer is responsible for ensuring that incoming funds are properly classified and designated as appropriate.

21.2 Gifts, benefactions and donations

The chief financial officer is 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.

21.3 Student welfare and access funds

The chief financial officer will prescribe the format for recording the use of student welfare funds.

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

21.4 Trust funds

The chief financial officer is 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.

Premises committee is 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.

21.5 Voluntary funds

The chief financial officer 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 chief financial officer shall be entitled to verify that this has been done.

22 Other

22.1 Insurance

The chief financial officer 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 7.1 to 7.4), 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 committee annually.

The chief financial officer is responsible for effecting insurance cover as determined by the finance committee. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The chief financial officer will keep a register of all insurances effected by the institution and the property and risks covered. He or she will also deal with the institution's insurers and advisers about specific insurance problems.

Staff must ensure that any agreements negotiated with external bodies cover any legal liabilities to which the school may be exposed. The chief financial officer's advice should be sought to ensure that this is the case. Staff must give prompt notification to the chief financial officer of any potential new risks, additional

property and equipment that may require insurance and any alterations affecting existing risks. Staff must advise the chief financial officer, immediately, of any event that may give rise to an insurance claim. The chief financial officer will notify the institution's insurers and, if appropriate, prepare a claim in conjunction with staff for transmission to the insurers.

The headteacher and premises manager 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.

22.2 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 chief financial officer 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 chief financial officer 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.

22.3 Provision of indemnities

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

22 Appendices

- Appendix A Committee Structure
- Appendix B Terms of Reference for the sub-committees
- Appendix C Public Disclosure Policy (Whistleblowing Policy)
- Appendix D The Seven Principles of Public Life
- Appendix E Anti-bribery Policy

Appendix F Fraud Policy