

# FINANCIAL REGULATIONS

## HARROW ACADEMIES TRUST

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## FINANCIAL REGULATIONS FOR HARROW ACADEMIES

### INTRODUCTION

To conduct its business effectively an academy needs to ensure that it has sound financial management systems in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations which set out the financial policies of the academy.

Financial regulations make good business sense and for academies they have additional significance as their grant funding depends upon it. The funding agreement between funding bodies and the academies they fund makes it a condition of grant that a academy ensures that it has a sound system of internal financial management and control; and financial regulations are a core component of such a system. Similarly, Funding Body audit services are required to give an assurance that academies have fully documented financial procedures in place and the Funding Body may withhold a grant where this cannot be shown to be the case.

This model set has been written in a format that will enable academies to modify the regulations to their own requirements before being presented to their governing bodies. It is based upon CIPFA's 'A model set of financial regulations for academies, colleges and universities.

Following approval by the Governing Body it will be necessary for the academy to consider how they are to be incorporated in its manual of financial procedures and implemented within the academy. The manual will show how the financial regulations will be implemented at a detailed level in the academy and therefore also include detailed financial procedures and written schemes of delegation.

### TERMINOLOGY

The following general terms have been used in this guide.

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| <b>Governing Body</b>  | The group of people charged with setting the strategic direction for the organisation and responsible for its achievement. Except in Multi-Academy Trusts, the terms Governors, Directors and Trustees may be used interchangeably as the Articles enable the Governing Body to exercise all powers of the Academy Trust. |
| <b>Academy Trust</b>   | The charitable company which is the legal body responsible for running the academy or academies in the case of a Multi-Academy Trust.   |
| <b>Management Team</b> | The group of executive staff comprising the senior management charged with the execution of strategy. This is often called the senior management team or senior leadership.   |

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| <b>Headteacher (Accounting Officer)</b> | The most senior executive role in the academy will normally be the Headteacher.   |
| <b>Budget Holder</b>                    | The member of staff who has been assigned their own budget and is accountable for it.   |
| <b>HR Officer</b>                       | Person with delegated responsibility for personnel and payroll administration.  |
| <b>Clerk</b>                            | There are company secretary duties that need to be completed. The board should ensure that they are carried out by someone other than a trustee, governor or the Headteacher.   |
| <b>Principal Finance Officer (PFO)</b>  | The organisation's most senior executive role charged with leading and directing financial strategy and operations. This officer could have a variety of titles (for example director of finance, bursar, academy or business manager) and may have other roles – such as estates or IT – in addition to his or her financial responsibilities.                         |
| <b>Finance Committee</b>                | The committee with delegated responsibility for financial matters.  |
| <b>Audit Committee</b>                  | The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. Academies are required by the Academies Financial Handbook to establish a dedicated Audit Committee or one which fulfils the same functions, depending on the size of the academy. |
| <b>Audit Assurance Work</b>             | An assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the academy's objectives.   |
| <b>Funding Body</b>                     | The Education Funding Agency  |
| <b>Funding Agreement</b>                | The contract between the Academy Trust and the Secretary of State that establishes the Academy and contains provisions about how the Secretary of State will provide funding and the requirements upon the Academy Trust in return for that funding   |

## FINANCIAL REGULATIONS

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| A          | GENERAL PROVISIONS  |
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| <b>1</b>   | <b>Background</b>   |
| <b>1.1</b> | The academy 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.  |
| <b>1.2</b> | The academy is an exempt charity by virtue of the Charities Act 2011.   |
| <b>1.3</b> | 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 in place. The financial regulations of the academy form part of this overall system of accountability.  |
| <b>2</b>   | <b>Status of Financial Regulations</b>  |
| <b>2.1</b> | This document sets out the academy's financial regulations. It translates into practical guidance the academy's broad policies relating to financial control. This document was approved by the Governing Body. It applies to the academy and all its subsidiary undertakings.  |
| <b>2.2</b> | These financial regulations are subordinate to the academy's articles of association and to any restrictions contained within the academy's funding agreement with the Funding Body and the Funding Body's Academies Financial Handbook.  |
| <b>2.3</b> | The purpose of these financial regulations is to provide control over the totality of the academy's resources and provide assurances that the resources are being properly applied for the achievement of the academy's strategic plan and business objectives on a sustainable basis including: <ul style="list-style-type: none"> <li>□ financial sustainability <ul style="list-style-type: none"> <li>• achieving value for money;</li> <li>• fulfilling its responsibility for the provision of effective financial controls over the use of public funds;</li> <li>• ensuring that the academy complies with all relevant legislation; □ safeguarding the assets of the academy.</li> </ul> </li> </ul> |
| <b>2.4</b> | Compliance with the financial regulations is compulsory for all staff connected with the academy. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the academy's disciplinary policy. Any such breach will be notified to the Governing Body through the Audit Committee. It is the responsibility of Budget Holders to ensure that their staff are made aware of the existence and content of the academy's financial regulations.   |
| <b>2.5</b> | The Finance Committee is responsible for periodic review of the financial regulations, through the Principal Finance Officer, and advising the Governing Body of any additions or changes necessary.  |
| <b>2.6</b> | 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.  |

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| <b>2.7</b> | The academy's detailed financial procedures set out precisely how these regulations will be implemented and are contained in separate documents which are available to all staff.  |
| <b>2.8</b> | Where an individual with delegated powers is unable to discharge their responsibilities the responsibilities are transferred to their line manager subject to the proviso that where a separation of duties exists this shall be maintained. |

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| <b>B</b>   | <b>GOVERNANCE</b>  |
| <b>3</b>   | <b>The Governing Body</b>  |
| <b>3.1</b> | <p>The Governing Body of the academy is responsible for the strategic direction and management of the academy including :</p> <ul style="list-style-type: none"> <li>• policy development and strategic planning including target setting</li> <li>• agreeing policies for the sound management and administration of the academy</li> <li>• allocating the academy's financial, human and other resources</li> <li>• setting performance targets</li> <li>• agreeing a development plan (often called the improvement plan)</li> <li>• producing a scheme of delegation for the management of the academy</li> <li>• ensuring compliance with legal requirements</li> <li>• ensuring sound management of the academy's finances and resources</li> <li>• setting the academy's standards of conduct and values</li> <li>• holding the Headteacher to account for the performance of the academy</li> <li>• establishing and maintaining a transparent system of prudent and effective internal controls</li> <li>• accounting to parents/carers and other stakeholders for the performance of the academy</li> </ul> <p>The Academy Trust is a charitable company responsible for running the academy, however the Governing Body is able to exercise the powers of the company as set out in the Articles. 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.</p> <p>The Academy Trust must notify the funding agency in writing of the vacating or filling of the position of Accounting Officer. The Trust is also responsible for the appointment of external auditors.</p> |
| <b>4</b>   | <b>The Accounting Officer</b>  |

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| <b>4.1</b> | <p>The Headteacher is normally designated as the accounting officer and is responsible for the financial and administrative matters of the academy. It is the Accounting Officer's responsibility to ensure compliance with the Academies Financial Handbook, the Funding Agreement and all relevant aspects of company and charitable law.</p> <p>As accounting officer, the Headteacher is responsible to the Governing Body and through that to the Secretary of State for :</p> <ul style="list-style-type: none"> <li>• ensuring regularity and propriety</li> <li>• avoiding waste and extravagance</li> <li>• securing value for money through the efficient, effective and economical use of available resources</li> <li>• the day-to-day organisation, staffing and management of the academy.</li> </ul>  |
| <b>5</b>   | <b>Committee Structure</b>   |
| <b>5.1</b> | The Governing Body has ultimate responsibility for the academy's finances, but delegates specific powers and processes to its committees.  |
| <b>5.2</b> | <p><b>Finance Committee</b> – Monitoring of the academy's financial position and financial control systems is undertaken by the Finance 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</p>  |
|            | <p>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.</p>  |
| <b>5.3</b> | <p><b>Audit Committee</b> – Academies must establish an Audit Committee or a committee whose remit includes the functions of an Audit Committee. This could be an addition to the terms of reference to an existing committee, such as Finance Committee, and have overlapping or fully integrated membership. Academy Trusts with an income of over £10m or capitalised asset value of over £30m must have a dedicated Audit Committee. The committee is independent, advisory and reports to the Governing Body. 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 is also responsible for reviewing the academy's systems of internal control and risk management. The Audit Committee's duties are listed at Appendix B.</p> |
| <b>5.4</b> | <p><b>Pay committee</b> – Consideration of senior management's remuneration and conditions is the responsibility of the pay 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.</p>  |
| <b>5.5</b> | <p><b>Other Committees</b> with significant financial responsibilities may include any or all of Environment, Premises and Staffing.</p>   |
| <b>6</b>   | <b>Other Senior Managers with Financial Responsibility</b>   |

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| 6.1 | <p><b>The Principal Finance Officer</b> – Day to day financial administration is controlled by the Principal Finance Officer who is responsible to the Headteacher for:</p> <ul style="list-style-type: none"> <li>• preparing annual capital and revenue budgets and financial plans;</li> <li>• preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;</li> <li>• preparing the academy’s annual accounts and other financial statements and accounts which the academy is required to submit to other authorities;</li> <li>• ensuring that the academy maintains satisfactory financial systems;</li> <li>• ensuring that financial procedures are followed;</li> <li>• providing professional advice on all matters relating to financial policies and procedures;</li> <li>• day to day liaison with internal and external auditors in order to achieve efficient processes.</li> </ul>  |
| 6.2 | <p><b>Budget Holders</b> – Budget Holders are responsible to the Headteacher for financial management for the areas or activities they control. They are advised by the Principal Finance Officer in executing their financial duties. The Principal Finance Officer will also supervise and approve the financial systems operating within their departments including the form in which accounts and financial records are kept. Where resources are devolved to budget holders, they are accountable for their own budget.</p> <p>Budget Holders shall provide the Principal Finance Officer with such information as may be required to enable:</p> <ul style="list-style-type: none"> <li>• compilation of the academy’s financial statements;</li> <li>• implementation of financial planning;</li> <li>• implementation of audit and financial reviews, projects and value for money studies.</li> </ul>   |
| 6.3 | <p><b>All members of staff</b> – All members of staff should be aware and have a general responsibility for the security of the academy’s property, for avoiding loss and for due economy in the use of resources.</p> <p>They should ensure that are aware of the academy’s financial authority limits and the values of purchases for which quotations and tenders are required.</p> <p>They shall make available any relevant records or information to the Principal Finance Officer or his authorised representative in connection with the implementation of the academy’s financial policies, these financial regulations and the system of financial control.</p> <p>They shall provide the Principal Finance 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.</p> <p>They shall immediately notify the Principal Finance Officer whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the academy. The Principal Finance Officer shall take such steps as he or she considers necessary by way of investigation and report.</p> |
| 7   | <p><b>Risk Management</b></p>   |

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| <b>7.1</b> | <p>Risk management can be defined as 'coordinated activities to direct and control an organisation with regard to risk'.</p> <p>The academy 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 academy will be set out in a separate risk management strategy.</p>   |
| <b>7.2</b> | <p>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 academy through the development, implementation and embedding within the organisation of a formal, structured risk management process.</p>  |
| <b>7.3</b> | <p>In line with this policy, the Governing Body requires that the risk management strategy and supporting procedures include:</p> <ul style="list-style-type: none"> <li>• the adoption of common terminology in relation to the definition of risk and risk management;</li> <li>• the establishment of academy 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;</li> <li>• a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes (see above);</li> <li>• a decision on the level of risk to be covered by insurance;</li> <li>• detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas;</li> <li>• 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;</li> <li>• regular reporting to the Governing Body of all risks above established tolerance levels;</li> <li>• an annual review of the implementation of risk management arrangements; and □ be capable of independent verification.</li> </ul> |

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| <b>8</b>   | <b>Whistle Blowing</b>  |
| <b>8.1</b> | <p>Whistle blowing in the context of the Public Interest Disclosure Act is the disclosure by an employee about malpractice in the workplace. A whistle blower can blow the whistle about crime, civil offences (including negligence, breach of contract etc.), miscarriage of justice, danger to health and safety or the environment 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 whistle blowing can extend to malpractice occurring in the UK and any other country or territory.</p> |
| <b>8.2</b> | <p>Normally, any concern about a workplace matter at the academy should be raised with the relevant member of staff's immediate line manager or head of department. However, the academy 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.</p>   |
| <b>8.3</b> | <p>A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose, for example the registrar. If the member of staff does not wish to raise the matter with the member of staff, or with the Headteacher or the Chair of the Governing Body, it may be raised with the chair of the Audit Committee.</p>   |

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| <b>8.4</b> | The full procedure for whistle blowing is set out in the academy's separate Whistleblowing Policy which is available through the personnel department. Further details of the Public Interest Disclosure Act are set out at Appendix C.   |
| <b>9</b>   | <b>Code of Conduct</b>  |
| <b>9.1</b> | <p>The academy 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.</p> <p>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.</p>   |
| <b>9.2</b> | Additionally, members of the Governing Body, senior management or those involved in procurement are required to disclose interests in the academy's register of interests maintained by the Clerk (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.  |
| <b>9.3</b> | In particular, no person shall be a signatory to an academy contract where he or she also has an interest in the activities of the other party.   |
| <b>9.4</b> | <p><b>Receiving gifts or hospitality</b></p> <p>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 academy's Anti-Bribery Policy Statement can be found on the finance department's webpages.</p> <p>The guiding principles to be followed by all members of staff must be:</p> <ul style="list-style-type: none"> <li>• the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest;</li> <li>• 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</li> </ul> |

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|             | <p>colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.</p> <p>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 academy would be likely to provide in return.</p> <p>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 Principal Finance Officer. Guidance on acceptable hospitality is contained in the detailed financial procedures. For the protection of those involved, the Principal Finance Officer (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 Principal Finance Officer (or other designated officer) promptly.</p> |
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| <b>C</b>    | <b>FINANCIAL MANAGEMENT AND CONTROL</b>   |
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| <b>10</b>   | <b>Financial Planning</b>   |
| <b>10.1</b> | The Principal Finance Officer is responsible for preparing annually a rolling three-year financial plan for approval by the Governing Body on the recommendation of the Finance Committee and for preparing financial forecasts for submission to the Funding Body. Financial plans should be consistent with the strategic plans and premises strategy approved by the Governing Body.   |
| <b>10.2</b> | <b>Budget objectives</b> – The Governing Body will, from time to time, set budget objectives for the academy. These may be expressed in the form of key performance indicators (KPIs). These will help the Principal Finance Officer in preparing more detailed financial plans for the academy.  |
| <b>10.3</b> | <b>Resource allocation</b> – Resources are allocated annually by the Governing Body on the recommendation of the Finance Committee, and on the basis of the above objectives. Budget Holders are responsible for the economic, effective and efficient use of resources allocated to them.  |
| <b>10.4</b> | <p><b>Budget preparation</b> – The Principal Finance Officer is responsible for preparing each year an annual revenue budget and capital programme for consideration by Finance Committee before submission to the Governing Body for approval. Once approved the budget forecast shall be submitted to the Funding Body in the required format.</p> <p>The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Principal Finance 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.</p> <p>During the year, the Principal Finance Officer is responsible for submitting any revisions to the budget to Finance Committee for consideration before submission to the Governing Body for approval. Where changes to the budget are deemed to be significant the Governing Body must notify the Funding Body.</p>   |

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| <b>10.5</b> | <b>Capital programmes</b> – 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 academy’s financial statements.   |
|             | <p>The Principal Finance 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.</p> <p>The Principal Finance 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.</p> <p>The Principal Finance Officer is responsible for providing regular statements concerning all capital expenditure to Finance Committee (and/or premises committee, where appropriate) for monitoring purposes.</p> <p>Following completion of a capital project, a post project evaluation or final report should be submitted to Finance Committee and/or estates 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.</p> |
| <b>10.6</b> | <b>Other major developments</b> – 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 £50k should be presented to the Finance Committee   |
| <b>11</b>   | <b>Financial control</b>  |
| <b>11.1</b> | <p><b>Budgetary control</b> – 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 for the income and expenditure appropriate to their budget.</p> <p>Significant departures from agreed budgetary targets must be reported immediately to the Principal Finance Officer by the budget holder concerned and if necessary, corrective action taken.</p>  |
| <b>11.2</b> | <p><b>Financial information</b> – The budget holders are assisted in their duties by management information provided by the Principal Finance 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.</p> <p>The Principal Finance Officer is responsible for supplying budgetary reports on all aspects of the academy’s finances to Finance Committee on a basis determined by 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 Governing Body which has overall responsibility for the academy's finances</p>  |

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| <b>11.3</b> | Where there is a variance of more than £25,000 between the projected outturn and the net academy budget and action cannot be taken to compensate from elsewhere within the budget, the variance shall be reported to the full Governing Body. The Governing Body shall decide if the variance constitutes a significant change to the budget that requires reporting to the funding agency but such a report shall always be made where; <ul style="list-style-type: none"> <li>• The variance exceeds 2% of annual income</li> <li>• The variance exceeds the level of general reserves</li> </ul> |
| <b>11.4</b> | <b>Virement</b> – Virements are permitted with Headteacher approval to £50k and Finance Committee approval over £50k.   |

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| <b>11.5</b> | <b>Treatment of year end balances</b> – 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 Committee 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 Committee.   |
| <b>12</b>   | <b>Accounting Arrangements</b>   |
| <b>12.1</b> | <b>Financial year</b> – The academy’s financial year will run from 1 September until 31 August the following year  |
| <b>12.2</b> | <b>Basis of accounting</b> – The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.   |
| <b>12.3</b> | <b>Format of the financial statements</b> – The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP) accounting for charities, subject to any specific requirements of the Funding Body, and in accordance with the provisions of the Companies Act legislation.  |
| <b>12.4</b> | <b>Capitalisation and depreciation</b> – 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.<br><p>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.</p> <p>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 £5k or more. Grouped items, (e.g. a suite of computers), with a group value of £5k or more, will be capitalised. Capitalised assets other than land and buildings will be depreciated over a period of years commencing in the year of acquisition as set out in the accounting policy.</p> |

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| 12.5 | <p><b>Accounting records</b> – The Principal Finance Officer is responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities.</p> <p>Prime documents include: official purchase orders; paid invoices; accounts raised; bank statements; copies of receipts; paid cheques; payroll records including part time teachers’ contracts.</p> <p>The Principal Finance Officer will make appropriate arrangements for the retention of electronic records.</p> <p>The academy is required by law to retain prime documents for six years after the end of the period to which funding relates. 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.</p> |
| 12.6 | <p><b>Public access</b> – Under the terms of the financial memorandum/funding agreement Governing Body is required to supply any person with a copy of the academy'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</p>  |
|      | <p>Principal Finance Officer. The academy will also allow members of the public to inspect the statement of accounts and make a summary available on the academy’s website.</p>  |
| 12.7 | <p><b>Taxation</b> – The Principal Finance Officer is responsible for advising the Headteacher and budget holders, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the academy. Therefore the Principal Finance Officer will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, corporation tax and import duty.</p> <p>The Principal Finance Officer is responsible for maintaining the academy’s tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.</p>  |
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| 13   | <b>Audit Requirements</b>  |

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| 13.1 | <p><b>General</b> – External auditors shall have authority to:</p> <p>access academy premises at reasonable times; access all assets, records, documents and correspondence relating to any financial and other transactions of the academy; require and receive such explanations as are necessary concerning any matter under examination; require any employee of the academy to account for cash, stores or any other academy property under his/her control; access records belonging to third parties, such as contractors when required.</p> <p>The Principal Finance Officer is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.</p> <p>Following consideration by Audit Committee the financial statements should be reviewed by the Finance Committee. On the recommendation of Audit and Finance Committees they will be submitted to the Governing Body for approval.</p> |
| 13.2 | <p><b>External Audit</b> – The external auditors should be reappointed annually by the Academy Trust. The Academy Trust 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.</p> <p>The primary role of external audit is to report on the academy’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 Academies Financial Handbook.</p>  |
| 13.3 | <p><b>Audit Assurance Work</b> – The academy is required under the Academies Financial Handbook to make arrangements for audit assurance work. Any auditor engaged to undertake such work is appointed by the Governing Body on the recommendation of the Audit Committee.</p> <p>The Academies Financial Handbook requires that it has an effective process for independent checking of financial controls, transactions and risks.</p>   |
| 13.4 | <p><b>Fraud and corruption</b> – It is the duty of all members of staff, management and the Governing Body to notify the Principal Finance Officer immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.</p> <p>The Principal Finance Officer shall immediately invoke the following fraud response plan:</p>   |

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|             | <ul style="list-style-type: none"> <li>• he or she will notify the Headteacher 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;</li> <li>• the Headteacher shall inform the police if a criminal offence is suspected of having been committed;</li> <li>• any significant cases of fraud or irregularity shall be reported to the Funding Body in accordance with their requirements as set out in the Academies Financial Handbook;</li> <li>• the Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the audit service or others, as appropriate;</li> <li>• the 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.</li> </ul> <p>If the suspected fraud is thought to involve the Principal Finance Officer and/or the Headteacher, the member of staff shall notify the Chair of the Audit Committee direct of their concerns regarding irregularities.</p> |
| <b>13.5</b> | <b>Value for money</b> – 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.  |
| <b>13.6</b> | <b>Other Auditors</b> – The academy may, from time to time, be subject to audit or investigation by external bodies such as the Funding Body, National Audit Office, Education Funding Agency, HM Customs and Excise and the Inland Revenue. They have the same rights of access as external auditors.  |
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| <b>14</b>   | <b>Cash and Investment Management</b>   |
| <b>14.1</b> | <p><b>Investment management policy</b> – The Finance Committee is responsible for approving an investment management policy statement (based on CIPFA’s Treasury Management in the Public Services – Code of Practice together with cross-sectoral guidance and sector specific guidance) setting out a strategy and policies for cash management and long term investments. The Finance Committee has a responsibility to ensure implementation, monitoring and review of such policies.</p> <p>All executive decisions concerning investment shall be delegated to the Headteacher advised by the Principal Finance Officer and an appropriate reporting system set up. The Principal Finance Officer and his/her staff are required to act in accordance with CIPFA’s code of practice.</p> <p>The Principal Finance Officer will report to Finance Committee termly in each financial year on the activities of the investment management operation and on the exercise of investment management powers delegated.</p>  |
| <b>14.2</b> | <b>Appointment of bankers and other professional advisers</b> – The Governing Body is responsible for the appointment of the academy’s bankers and other professional financial advisers (such as investment managers) on the recommendation of Finance Committee. The appointment shall be for a specified period after which consideration shall be given by Finance Committee to competitively tendering the service.  |

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| <b>14.3</b> | <p><b>Banking arrangements</b> – The Principal Finance Officer is responsible for, on behalf of Finance Committee, liaising with the academy’s bankers in relation to the academy’s bank accounts.</p> <p>Only the Headteacher may open or close a bank account for dealing with the academy’s funds following approval by the Governing Body. All bank accounts shall be in the name of the academy.</p>   |
|             | <p>All automated transfers on behalf of the academy, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by Finance Committee. Details of authorised persons and limits shall be provided for in the academy’s detailed financial procedures and Scheme of Delegation.</p> <p>The Principal Finance Officer is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.</p>   |
| <b>15</b>   | <b>Income</b>   |
| <b>15.1</b> | <p><b>General</b> - The Principal Finance Officer is responsible for ensuring that appropriate procedures are in operation to enable the academy 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 Principal Finance Officer. Levels of charges for services rendered, goods supplied and rents and lettings are determined by procedures approved by Finance Committee, and are approved by the Governing Body.</p> <p>The Principal Finance Officer is responsible for the prompt collection, security and banking of all income received.</p> <p>The Principal Finance Officer is responsible for ensuring that all grants notified by the Funding Body and other bodies are received and appropriately recorded in the academy’s accounts.</p> <p>The Principal Finance Officer is responsible for ensuring that all claims for funds, are made by the due date.</p> |
| <b>15.2</b> | <p><b>Maximisation of income</b> – It is the responsibility of all staff to ensure that revenue to the academy 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 Principal Finance Officer of sums due so that collection can be initiated.</p>  |
| <b>15.3</b> | <p><b>Receipt of cash, cheques and other negotiable instruments</b> – All monies received from whatever source must be recorded on a daily basis together with the form in which they were received, for example cash, cheques.</p> <p>All monies received must be paid to the Finance Office promptly, and in accordance with a timetable prescribed by the Principal Finance Officer and set out in financial procedures. The custody and transit of all monies received must comply with the requirements of the academy’s insurers.</p> <p>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 academy.</p>  |

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| <b>15.4</b> | <p><b>Collection of debts</b> – The Principal Finance Officer should ensure that:</p> <ul style="list-style-type: none"> <li>• debtors invoices are raised promptly on official invoices, in respect of all income due to the academy;</li> <li>• invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account;</li> <li>• any credits granted are valid, properly authorised and completely recorded;</li> <li>• VAT is correctly charged where appropriate, and accounted for;</li> <li>• monies received are posted to the correct debtors account;</li> <li>• swift and effective action in collecting overdue debts, in accordance with the protocols noted in the financial procedures;</li> </ul>  |
|             | <p><input type="checkbox"/> outstanding debts are monitored and reports prepared for management.</p> <p>Only the Headteacher can implement credit arrangements and indicate the periods in which different types of invoice must be paid. Any changes must be submitted to Finance Committee for approval.</p> <p>Requests to write-off debts must be referred in writing to the Headteacher for submission to Finance Committee for consideration. The requirements of the academy’s articles of government should be taken into account.</p>   |
| <b>15.5</b> | <p><b>Fees</b> – The procedures for collecting fees and charges must be approved by the Principal Finance Officer. He or she is responsible for ensuring that fees due to the academy are received.</p>  |
| <b>15.6</b> | <p><b>Refunds</b> – The academy 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.</p>  |
| <b>16</b>   | <p><b>Other Income Generating Activity</b></p>   |
| <b>16.1</b> | <p><b>Private consultancies and other paid work</b> – Unless otherwise stated in a member of staff’s contract:</p> <ul style="list-style-type: none"> <li>• outside consultancies or other paid work may not be accepted without the consent of the Headteacher (and in the case of the Headteacher, the Chair of the Governing Body);</li> <li>• applications for permission to undertake work as a purely private activity must be submitted to the Headteacher, and include the following information: <ul style="list-style-type: none"> <li><input type="checkbox"/> the name of the member(s) of staff concerned;</li> <li><input type="checkbox"/> title of the project and a brief description of the work involved;</li> <li><input type="checkbox"/> the proposed start date and duration of the work;</li> <li><input type="checkbox"/> Full details of any academy resources required (for the calculation of the full economic cost);</li> <li><input type="checkbox"/> an undertaking that the work will not interfere with the teaching and normal academy duties of the member(s) of staff concerned.</li> </ul> </li> </ul> |
| <b>16.2</b> | <p><b>Profitability and recovery of overheads</b> – All other income generating activities must be self-financing or surplus generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the Headteacher.</p> <p>Other income generating activities organised by members of staff must be costed and agreed with the Principal Finance Officer before any commitments are made. Provision must be made for charging both direct and indirect costs in accordance with the academy’s costing and pricing policy, in particular for the recovery of overheads.</p>   |

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| <b>16.3</b> | <b>Deficits</b> – Any unplanned deficits incurred on other income generating activities will be a charge to budget holder funds.  |
| <b>17</b>   | <b>Intellectual Property Rights and Patents</b>   |
| <b>17.1</b> | <b>General</b> – Certain activities undertaken within the academy including research and consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property. |
| <b>17.2</b> | <b>Patents</b> – Finance Committee is responsible for establishing procedures to deal with any patents accruing to the academy from inventions and discoveries made by staff in the course of their work.                           |

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| <b>18</b> | <b>Expenditure</b> |
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| <b>18.1</b> | <b>General</b> – The Principal Finance Officer is responsible for making payments to suppliers of goods and services to the academy.   |
| <b>18.2</b> | <p><b>Scheme of delegation/financial authorities</b> – The budget holder is responsible for purchases within his or her department. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures.</p> <p>The Principal Finance Officer shall maintain a register of authorised signatories and budget holders must supply him with specimen signatures of those authorised to certify invoices for payment</p> <p>Any changes to the authorities to commit expenditure must be agreed by the Principal Finance Officer in advance.</p> <p>Budget holders are not authorised to commit the academy to expenditure without ensuring that there are sufficient funds to meet the purchase cost.</p> <p>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.</p>  |
| <b>18.3</b> | <p><b>Procurement</b> – The academy 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.</p> <p>The purchasing function is the responsibility of the Principal Finance Officer (or other designated officer) although it may be delegated to another member of staff. It will:</p> <ul style="list-style-type: none"> <li>• ensure that the academy's purchasing policy is known and observed by all involved in purchasing for the academy;</li> <li>• provide advice on matters of academy purchasing policy and practice;</li> <li>• provide advice to and assist departments where required on specific departmental purchases;</li> <li>• develop appropriate standing supply arrangements on behalf of the academy to assist budget holders in meeting their value for money obligations;</li> <li>• approve all orders before they leave the academy;</li> <li>• draft and negotiate all large scale purchase contracts (generally in excess of £50,000) undertaken by the academy, in collaboration with the responsible department;</li> <li>• ensure that the academy complies with European Union regulations on public purchasing policy.</li> </ul> |

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| <b>18.4</b> | <p><b>Purchase orders</b> – The ordering of goods and services shall be in accordance with the academy’s detailed financial procedures/purchasing policies.</p> <p>Official academy orders must be placed for the purchase of all goods or services, with specified exceptions including utility charges where it has been deemed appropriate for an order not to be raised. The list of non-order invoice items shall be agreed by Finance Committee.</p> <p>It is the responsibility of the Principal Finance Officer to ensure that all purchase orders refer to the academy’s conditions of contract.</p>   |
| <b>18.5</b> | <p><b>Purchasing cards</b> – The operation and control of the academy’s purchasing cards is set out in the Scheme of Delegation. There will be appropriate oversight of the distribution of such cards and the associated card limits by the Principal Finance Officer.</p> <p>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 Principal Finance Officer shall determine what</p>   |
|             | <p>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 and cardholders must provide that information. 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.</p>   |
| <b>18.6</b> | <p><b>Tenders and quotations</b> – Delegated budget holders must comply with the academy’s tendering procedures contained in the academy’s code of tendering practice which are applicable as follows:</p> <ul style="list-style-type: none"> <li>• under £1,000 – at least a single written quote is required but value for money must always be obtained;</li> <li>• from £1,000 to £5,000 (£15,000 works) - the budget holder shall be required to obtain at least two written quotations;</li> <li>• over £5,000 (£15,000 works) - All items will require three competitive quotations;</li> <li>• the award of contracts over £50,000 (£100,000 works) shall be reported to the Finance Committee and should go through a formal tendering process.</li> </ul> <p>The Finance Committee of the Governing Body has the authority to waive the requirement for tender or quotations except where the contract would exceed EU tender thresholds. The system to invoke a waiver is set out in Financial Procedures.</p> |
| <b>18.7</b> | <p><b>Post tender negotiations</b> - 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:</p> <ul style="list-style-type: none"> <li>• it would not put other tenderers at a disadvantage;</li> <li>• it would not affect their confidence and trust in the academy’s tendering process.</li> </ul> <p>In each case a statement of justification should be approved by the Headteacher prior to the event showing:</p> <ul style="list-style-type: none"> <li>• background to the procurement;</li> <li>• reasons for proposing post tender negotiations;</li> <li>• demonstration of the improved value for money.</li> </ul> <p>All post tender negotiations should be reported to the Finance Committee.</p>   |

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| <b>18.8</b>  | <p><b>Contracts</b> – Building contracts are the responsibility of the Premises Committee. Proposals will normally be initiated in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments. Consultants may be appointed if the project, as determined by premises committee, is too large or too specialised for premises staff resources. Appointments shall be subject to tendering and other procedures where appropriate.</p> <p>Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Principal Finance Officer as appropriate for premises committee consideration. Investment appraisals should comply with appropriate Funding Body guidance.</p> <p>Following consideration by premises committee and finance, 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.</p> <p>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 academy’s detailed financial procedures.</p> |
| <b>18.9</b>  | <p><b>EU regulations</b> – The Principal Finance Officer is responsible for ensuring the academy complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement,</p>   |
|              | <p>purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.</p> <p>The Principal Finance Officer will advise Budget Holders on the thresholds that are currently in operation. A breach of these EU Regulations is actionable by a supplier or potential supplier.</p> <p>It is the responsibility of Budget Holders to ensure that their 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 OJEC.</p>   |
| <b>18.10</b> | <p><b>Receipt of goods</b> – 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 or equivalent shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.</p> <p>If 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.</p> <p>All persons receiving goods on behalf of the academy must be independent of those who negotiated prices and terms and placed the official order.</p>   |

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| <p><b>18.11</b></p> | <p><b>Payment of invoices</b> – The procedures for making all payments shall be in a form specified by the Principal Finance Officer.</p> <p>The Principal Finance 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 every two weeks.</p> <p>Budget Holders are responsible for ensuring that expenditure within their departments does not exceed funds available.</p> <p>Suppliers should be instructed by the budget holder to submit invoices for goods or services to the finance department.</p> <p>Care must be taken to ensure that discounts receivable are obtained.</p> <p>Payments will only be made by the Principal Finance Officer against invoices which can be matched to a receipted order or have been certified for payment by the appropriate budget holder.</p> <p>Certification of an invoice or receipting of an electronic order will ensure that:</p> <ul style="list-style-type: none"> <li>• the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory;</li> <li>• where appropriate, it is matched to the order;</li> <li>• invoice details (quantity, price discount) are correct;</li> <li>• the invoice is arithmetically correct;</li> <li>• the invoice has not previously been passed for payment ;</li> <li>• 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.</li> </ul> |
| <p><b>18.12</b></p> | <p><b>Staff reimbursement</b> – The academy’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.</p> <p>Where such purchases by staff are planned, the Headteacher may approve cash advances to staff who are going to incur expenditure on the academy’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</p>   |
|                     | <p>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.</p>   |
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| 18.13 | <p><b>Petty cash</b> – If the academy holds petty cash, where a single item is for less than £10 it should be paid from departmental petty cash if possible. It must be supported by receipts or vouchers where available.</p> <p>The Principal Finance Officer shall make available to Finance such imprests as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.</p> <p>Requisitions for reimbursements must be sent to the Principal Finance Officer, together with appropriate receipts or vouchers, before the total amount held has been expended in order to retain a working balance pending receipt of the amount claimed.</p> <p>The member of staff granted a float is personally responsible for its safe keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the academy's insurers when not in use and will be subject to periodic checks by the Finance Manager.</p> <p>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 Manager.</p> |
| 18.14 | <p><b>Late payment rules</b> – 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:</p> <ul style="list-style-type: none"> <li>• small businesses can charge interest on overdue invoices;</li> <li>• interest is chargeable on sales made after 1 November 1998;</li> <li>• the rate of interest is currently 8% per annum above the official daily rate of the Bank of England;</li> <li>• the Act also applies to overseas organisations; □ the academy can be sued for non-payment.</li> </ul> <p>In view of the penalties in this Act, the Governing Body requires that invoices must be passed for payment to ensure that payment is made within the correct payment terms for the supplier.</p>   |
| 18.15 | <p><b>Project advances</b> – The Headteacher may approve cash advances for projects including academy trips carried out away from the academy 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 institute credit card.</p> <p>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.</p>  |
| 18.16 | <p><b>Giving hospitality</b> – Staff entertaining guests from outside bodies at lunch time should normally use the academy's catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement.</p> <p>The limits concerning acceptable expenditure for entertaining guests are set out in the academy's detailed financial procedures.</p> <p>It is an offence under the section 7 the Bribery Act 2010 for commercial organisations to fail to prevent persons associated with them from bribing another person on their behalf.</p>   |
| 18.17 | <p><b>Telecoms</b> – The academy may reimburse staff for the cost of necessary business calls made from a private home phone or personal mobile in performance of employment</p>   |

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| 18.18 | <p>duties. The academy does not normally reimburse the cost of private line rental or broadband connections.</p> <p><b>Payments to volunteers</b> – It is the responsibility of the Head of Department to ensure that payments made to volunteers are correctly administered. The academy may allow two types of payment from an approved budget:</p> <ul style="list-style-type: none"> <li>• reimbursement of actual travel costs when fully supported by receipts</li> <li>• 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.</li> </ul>   |
| 18.19 | <p><b>Insurance</b> – The Principal Finance Officer is responsible for the academy’s insurance arrangements, including the provision of advice on the types of cover available. The level of cover should be reviewed at least annually.</p>  |
| 18.20 | <p><b>Security</b> – Keys to safes or other similar containers must be kept securely at all times. The loss of such keys must be reported to the Principal Finance Officer immediately.</p>   |
| 19    | <p><b>Pay Expenditure</b></p>   |
| 19.1  | <p><b>Remuneration policy</b> – All academy 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 HR Officer through the HR service provider.</p> <p>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.</p> <p>Salaries and other benefits for the Headteacher will be determined by the pay committee set up by the Governing Body.</p>  |
| 19.2  | <p><b>Appointment of staff</b> – All contracts of service shall be concluded in accordance with the academy’s approved personnel practices and procedures and all offers of employment with the academy shall be made in writing by the HR Officer. Managers shall ensure that the Principal Finance Officer and the HR Officer are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.</p>  |
| 19.3  | <p><b>Salaries and wages</b> – The Principal Finance Officer 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, peripatetic staff, will be in a form prescribed or approved by the Principal Finance Officer.</p> <p>The HR Officer will be responsible for keeping the Principal Finance Officer informed of all matters relating to personnel for payroll purposes. In particular these include: □ appointments, resignations, dismissals, supervisions, secondments and transfers;</p> <ul style="list-style-type: none"> <li>• absences from duty for sickness or other reason, apart from approved leave;</li> <li>• changes in remuneration other than normal increments and pay awards;</li> <li>• information necessary to maintain records of service for superannuation, income tax, and national insurance</li> <li>• visa checks where relevant in accordance with legislative requirements.</li> </ul> <p>The Principal Finance 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.</p> <p>The Principal Finance Officer shall be responsible for keeping all records relating to payroll including those of a statutory nature.</p> |

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|             | <p>All payments must be made in accordance with the academy's detailed payroll financial procedures and comply with Inland Revenue regulations. Staff should be aware that the academy could incur penalties for non-compliance with such regulations.</p>  |
| <b>19.4</b> | <p><b>Pension schemes</b> – The Governing Body is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees. The Principal Finance Officer is responsible for day to day superannuation matters including:</p> <ul style="list-style-type: none"> <li>□ paying of contributions to various authorised superannuation schemes;</li> <li>□ preparing of the annual return to various superannuation schemes; □ administering the academy's pension fund.</li> </ul> <p>The HR Officer is responsible for administering eligibility to pension arrangements and for informing the Principal Finance Officer when deductions should begin or cease for staff.</p>  |
| <b>19.5</b> | <p><b>Expenses and allowances</b></p> <p>The academy has dispensation from HMRC to make payments to employees for certain specified items without deduction of income tax. Reimbursement by the academy of expenditure not included in the dispensation is subject to the deduction of income tax before payment.</p> <p><b>Travel, subsistence and other allowances</b> – All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Principal Finance Officer.</p> <p>Claims by members of staff must be authorised by their line manager. The certification by the line manager shall be taken to mean that:</p> <ul style="list-style-type: none"> <li>• the journeys were authorised;</li> <li>• the expenses properly and necessarily incurred;</li> <li>• the allowances are properly payable by the academy;</li> <li>• consideration has been given to value for money in choosing the mode of transport.</li> </ul> <p>Arrangements for travel by the Headteacher 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.</p> |
| <b>19.6</b> | <p><b>Allowances for members of the Governing Body</b> – Claims for members of the Governing Body will be authorised by the clerk to the governors. Claims for meeting attendance will be based on standard amounts for each individual, but only reasonable expenses can be reimbursed.</p>  |
| <b>19.7</b> | <p><b>Severance and other non-recurring payments</b> – Severance payments shall only be made in accordance with relevant legislation and Funding Body guidance and under a scheme approved by the Governing Body and where appropriate, personnel committee. Professional advice should be obtained where necessary. No amounts shall be expended which exceed the employees contractual entitlement without Governing Body approval and budget being allocated for the purpose. All such payments shall be authorised by the Headteacher and calculations checked by the HR Officer or Principal Finance Officer. Any individual amounts which do not fall within the parameters above or are in excess of £50k require approval by the Governing Body. All matters referred to an industrial tribunal shall be notified to the Governing Body at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.</p>  |

## Annex C

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| <b>20</b>   | <b>Assets</b>  |
| <b>20.1</b> | <b>Land, buildings, fixed plant and machinery</b> – 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.  |
| <b>20.2</b> | <b>Fixed asset register</b> – The Principal Finance Officer is responsible for maintaining the academy’s register of land, buildings, fixed plant and machinery. Budget holders will provide the Principal Finance Officer with any information he/she may need to maintain the register.  |
| <b>20.3</b> | <b>Inventories</b> –The Principal Finance Officer is responsible for ensuring all plant, equipment, furniture and stores are registered in the academy’s asset management system. The inventory must include items donated or held on trust.<br>Inventories must be checked at least annually as described in the academy’s detailed financial procedures.<br>When transferring equipment etc between departments, a transfer record must be kept and the inventories amended accordingly. |
| <b>20.4</b> | <b>Stocks and stores</b> – Budget Holders are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. Budget Holders 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.   |
| <b>20.5</b> | <b>Safeguarding assets</b> – 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 Principal Finance Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.<br>Assets owned by the academy shall, so far as is practical, be effectively marked to identify them as academy property.       |
| <b>20.6</b> | <b>Personal use</b> – Assets owned or leased by the academy shall not be subject to personal use without proper authorisation.   |
| <b>20.7</b> | <b>Asset disposal</b> – Disposal of equipment and furniture must be in accordance with procedures agreed by Finance Committee and contained in the academy’s detailed financial procedures.<br>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.   |
| <b>20.8</b> | <b>All other assets</b> – Budget Holders are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the academy, including electronic data.   |
| <b>21</b>   | <b>Funds Held on Trust</b>   |
| <b>21.1</b> | <b>General</b><br>The Principal Finance Officer is responsible for ensuring that incoming funds are properly classified and designated as appropriate.   |
| <b>21.2</b> | <b>Gifts, benefactions and donations</b> – The Principal Finance Officer is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the academy and initiating claims for recovery of tax where appropriate.   |

## Annex C

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| <b>21.3</b> | <b>Student bursary funds</b> – The Principal Finance Officer will prescribe the format for recording the use of student funds including sixth form bursaries.<br>Records of bursary funds will be maintained according to Funding Body requirements.   |
| <b>21.4</b> | <b>Private funds</b> – The Principal Finance Officer is responsible for maintaining a record of the requirements for each private fund and for advising Finance Committee on the control and investment of fund balances.<br>Finance Committee is responsible for ensuring that all the academy’s private funds are operated within any relevant legislation and the specific requirements for each fund. They will also be responsible for investment of fund balances.   |
| <b>21.5</b> | The Principal Finance Officer shall be informed of any fund, not being an official fund of the academy, which is controlled wholly or in part by a member of staff or governor in relation to their function in the academy. Bank statements and copies of all official communication relating to the fund should be the responsibility of the Principal Finance Officer.<br><br>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 Principal Finance Officer shall be entitled to verify that this has been done. |
| <b>22</b>   | <b>Academy Trips</b>   |
| <b>22.1</b> | <b>Academy trips</b> – in academies, members of staff must ensure that charges/funds available for taking students on academy trips cover the costs of those trips.  |

## APPENDIX A

### RESPONSIBILITIES OF THE FINANCE COMMITTEE:

- ensuring that the academy maintains proper accounts and related records
- ensuring that systems are in place for all employees and creditors to be paid by their due date and that such systems are effective
- ensuring that all income received is correctly accounted for and that income receivable is collected promptly
- receiving and commenting on the academy's revenue and capital budgets
- ensuring effective integration of budgeting and operational planning
- ensuring that the requirements of the funding agreement with the Funding Body to maintain financial solvency is fulfilled
- ensuring value for money when making decisions
- managing the academy's investments
- overseeing budget monitoring and ensuring corrective action takes place when required
- overseeing
  - cash management policies
  - the academy's banking arrangements
  - the academy's insurance arrangements
- ensuring that risks associated with the academy's plans have been fully considered
- ensuring that the financial plans reflect the academy's plans
- any other matters as directed by the Governing Body.

## APPENDIX B

### AUDIT COMMITTEE

#### DUTIES

#### **Risk management and internal control**

- Gaining assurance that an academy's risk management, control and governance arrangements are adequate and effective
- Monitoring implementation and maintenance of the academy's risk management plan
- Reviewing the effectiveness of the academy's systems of internal control and advising the Governing Body accordingly

#### **Audit Assurance Work**

- Considering and advising the Governing Body on the appointment and terms of engagement of the auditor
- Considering the findings of audit investigations and management responses
- Advising the Governing Body on the audit assurance work plan and progress against it
- Monitoring the implementation of audit-based recommendations
- Establishing and monitoring appropriate performance indicators to measure the effectiveness of the work of auditors and advising the Governing Body accordingly
- Considering the adequacy of resources for audit assurance work

### External audit

- Advising the Governing Body on the appointment of the external auditors
- Monitoring the effectiveness and performance of the external auditors through appropriate performance indicators
- Reviewing the nature and scope of the external audit strategy and plan
- Considering the objectives and scope of any non-financial audit
- Reviewing the annual external audit management letter

### Value for money

- Ensuring satisfactory arrangements are in place to promote the economical, efficient and effective management of all the academy's resources.

### REPORTING

- The Audit Committee should report to the full Governing Body after each meeting. A copy of the Audit Committee minutes, or an appropriate summary covering key points would normally suffice.
- The Audit Committee should also prepare an annual report for the Governing Body covering the financial year. It should cover any significant events up to the date of preparation of the report and include the committee's opinion on the adequacy and effectiveness of the academy's arrangements for :
  - Risk management, control and governance
  - Economy, efficiency and effectiveness.
- This opinion should be based on the information presented to the committee.

### SECRETARIAL ARRANGEMENTS

- To maximise the committee's objectivity and independence, the secretary should normally be a post holder without significant financial responsibilities within the academy.



## APPENDIX C

### MAIN FEATURES OF THE PUBLIC INTEREST DISCLOSURE ACT

#### PUBLIC INTEREST DISCLOSURE ACT SUMMARY

The Act came into force on 2nd July 1999. It encourages people to blow the whistle about malpractice in the workplace and is designed to ensure that organisations respond by acting on the message rather than against the messenger. The Act applies to employees blowing the whistle about crime, civil offences (including negligence, breach of contract etc.), miscarriage of justice, danger to health and safety or the environment and the cover up of any of these. It applies whether or not the information is confidential and extends to malpractice occurring in the UK and any other country or territory. In addition to employees, it covers trainees, agency staff, contractors, home workers, trainees and every professional in the NHS. Employment law restrictions on minimum length of service and age do not apply. At present the Act does not cover the genuinely self-employed, volunteers, the army, intelligence services or police officers. The Act has been described as "The most far reaching whistleblower protection in the world".

#### INTERNAL DISCLOSURES

A disclosure in good faith to a manager or the employer will be protected if the whistleblower has a reasonable suspicion that the malpractice has occurred, is occurring or is likely to occur.

#### REGULATORY DISCLOSURES

The Act protects disclosures made in good faith to prescribed bodies such as the Health and Safety Executive, the Financial Services Authority and the Inland Revenue, where the whistleblower has a reasonable belief that the information and their allegation(s) are substantially true.

#### WIDER DISCLOSURES

Wider disclosures (e.g. to the police, the media, MPs, and non-prescribed regulators) are protected if, in addition to the tests for regulatory disclosures, they are reasonable in all the circumstances and they meet one of the three preconditions. Provided they are not made for personal gain, these preconditions are that the whistleblower:

- reasonably believed they would be victimised if they raised the matter internally or with a designated regulator,
- reasonably believed a cover-up was likely and there was no regulator; or □ had already raised the matter internally or with a prescribed regulator.

An employee who makes a wide, public disclosure is more likely to be protected if there was no internal procedure set up.

#### FULL PROTECTION

Where the whistleblower is victimised in breach of the Act they can bring a claim to an employment tribunal for compensation. Awards are uncapped and based on the losses suffered. Additionally where an employee is sacked, they may apply for an interim order to keep their job. Not all disclosures made by an employee are protected under the Act. Those that are include criminal acts, health and safety violations, breaches of legislation,

and miscarriages of justice. However, such acts are only protected as long as the disclosure is made in good faith to the employer, or any other person authorised under a procedure set up by the employer for this purpose. (Disclosures can also be made to appropriate

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regulatory bodies, such as the Health and Safety Executive). Where an employee reasonably suspects malpractice (and this includes any crime), they will be protected from victimisation where they raise the matter in good faith with a person who is legally responsible for whistle blowing.

## QUALIFYING AREAS

The qualifying areas for whistle blowing are information which the employee reasonably believes tend to show one or more of the following matters is either happening now, took place in the past, or is likely to happen in the future:

- a criminal offence
- the breach of a legal obligation
- a miscarriage of justice
- a danger to the health or safety of any individual
- damage to the environment
- deliberate covering up of information tending to show any of the above five matters.

## **APPENDIX D**

### **THE 'SEVEN PRINCIPLES' OF PUBLIC LIFE" FROM THE REPORT OF THE COMMITTEE FOR STANDARDS IN PUBLIC LIFE (THE NOLAN REPORT)**

#### **SELFLESSNESS**

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.

#### **INTEGRITY**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that may influence them in the performance of their official duties.

#### **OBJECTIVITY**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

#### **ACCOUNTABILITY**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

#### **OPENNESS**

Holders of public office should be as open as possible about all their decisions and the actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

#### **HONESTY**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

#### **LEADERSHIP**

Holders of public office should promote and support these principles by leadership and example.



## Delegation Matrix Summary

## Appendix F

| Role                      | Cheque Signing / BACS Approval * | Petty Cash | Purchasing, Procurement and Contracts   | Expenses                               | Virements                 | Investments** |
|---------------------------|----------------------------------|------------|---|--|---------------------------|---------------|
| Governing Body            |                                  |            | Approve contracts over £100k  | Approve Headteacher's expenses (Chair) |                           | Over £100k    |
| Finance Committee         |                                  |            | Approve contracts £50k to £100k   |  | All virements             | Up to £100k   |
| Headteacher               | A                                |            | Signs contracts on behalf of GB.<br><br>Approve orders up to £50k   |  | All virements up to £50k  |               |
| Principal Finance Officer |                                  |            | Approve all orders and contracts up to £10k   |  |                           |               |
| Deputy Headteachers       | A                                |            |   |  |                           |               |
| Finance Officer           |                                  |            | Approve orders up to £1k for school related expenditure as long as there is budget available<br><br>Ensure contracts are compliant with Procurement Regulations |  | Action approved virements |               |
| Finance Administrators    |                                  |            |   |  |                           |               |
| Budget Holders (BH)       |                                  |            | First approver for orders in web portal – prior to spend limit approvals<br><br>Ensure budget available prior to ordering                                       |  |                           |               |

\* - All cheques require 2 signatories. These provisions apply to all accounts, public or private, operated by or on behalf of the Governing Body. Authorised signatories must not sign a cheque / authorise a payment relating to goods or services for which they have also authorised the expenditure. For BACS payments, one authorised approver is required to make online payments however 2 signatories are required to sign off on the payment first.

\*\* - investments do not include cash being held in the current account or any associated 'sweeping' facility.