

Blessed Christopher Wharton Catholic Academy Trust

# FINANCIAL REGULATIONS

Prepared by: Finance  
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## Financial Regulations

### Contents

<b>A</b>	<b>General Provisions</b> .....	<b>3</b>
1	Background and Status .....	2
<b>B</b>	<b>Corporate Governance</b> .....	<b>3</b>
2	Academy Trust .....	3
3	Board of Directors .....	4
4	Accounting Officer (AO) Mark Wilson .....	4
5	Committee Structure.....	5
6	Other Managers with Financial Responsibility .....	6
7	Risk Management .....	8
8	Whistleblowing .....	9
9	Code of Conduct .....	9
<b>C</b>	<b>Financial Management and Control</b> .....	<b>12</b>
10	Financial Planning .....	12
11	Financial Control .....	13
12	Accounting Requirements .....	14
13	Audit Requirements .....	15
14	Treasury Management .....	16
15	Income .....	19
16	Expenditure .....	20
17	Payroll Expenditure .....	27
18	Assets/Inventory/Stock .....	28
19	Tax.....	30
20	Other .....	30
	Appendix A – Scheme of Delegation of Authority .....	32
	Appendix B – Delegated Authorities.....	34
	Appendix C - Academy Delegated Responsibilities 17/18.....	35
	Appendix D - Linked Documents to the Financial Regulations .....	36



## **A General Provisions**

### **1 Background and Status**

- 1.1 The structure of governance of Blessed Christopher Wharton Academies Trust (the Trust) is laid down in the Articles of Association (the Articles) drawn up under the Companies Act 2006, effective from DATE. The powers and duties of the Trustees and Board of Directors of the Trust are detailed in the Articles. The Trust's Company Registration Number is 09066969.
- 1.2 The Trust is an exempt charity for the purposes of the Charities Act 2011. Its Charities Number is EW89130.
- 1.3 These Financial Regulations have been prepared in accordance with the Education and Skills Funding Agency (ESFA) guidelines, Academies Act 2010, Companies Act 2006, and Charity Commission guidelines. These Financial Regulations should be followed alongside the Academy's Scheme of Delegation. The Master Funding Agreement and supplemental agreements between The Secretary of State of Education and the Trust sets out the terms and conditions on which funding is made.
- 1.4 This document sets out the Trust's Financial Regulations and aims to ensure the Trust is fully compliant with legislation. The document is approved by the Board of Directors and applies to **ALL** operations within the Trust. This document will be reviewed annually by the Board, following recommendation from the Finance, Resources and Remuneration Committee (FRR).
- 1.5 The purpose of these Financial Regulations is to provide control over the totality of the Trust's resources and provide the Board with assurances that the resources are being properly applied for the achievement of the Trust's strategic plan and objectives, including:
- financial viability;
  - achieving value for money;
  - fulfilling its responsibility for the provision of effective financial controls over the use of public funds;
  - ensuring that the Trust complies with all relevant legislation;
  - safeguarding the assets of the Trust;
  - ensuring financial responsibilities are managed efficiently, effectively and economically.
- 1.6 Compliance with the Financial Regulations is compulsory for all staff connected with the Trust, and any non-compliance may be subject to disciplinary action. The Board will be notified of any significant breaches through the Audit Committee.
- 1.7 The financial affairs of the Board will be conducted in accordance with these Financial Regulations. The ultimate responsibility for ensuring adherence to the regulations is that of the Accounting Officer. This responsibility is delegated to the LAC of individual Academies within the Trust who must ensure staff are aware of the Financial

Regulations. The LAC will ensure that appropriate delegated authority is given to members of their Senior Management Team, within the limits set out in Appendix A, in order to ensure efficient and effective execution of these Financial Regulations.

- 1.8 The trust's Financial Regulations do not provide detailed procedural advice and should therefore be read in conjunction with the relevant financial procedures/policies which are available from the Director of Finance & Operations(DOF) See Appendix D for linked documents.
- 1.9 The DPO Centre Ltd is responsible for ensuring compliance with the Data Protection Act 2018 and the General Data Protection Regulations, GDPR 2018, including the registration made under the Act on behalf of the Trust. Principals are responsible for maintaining proper security, privacy and appropriateness of all information held in their Academy.
- 1.10 The DOF will ensure that on-going financial practice reflects on-going guidance issued by the ESFA, and that the Financial Regulations are updated accordingly.
- 1.11 The Board is responsible for implementing and maintaining adequate systems of internal control.
- 1.12 All financial values quoted within these Financial Regulations are exclusive of Value Added Tax (VAT) unless stated otherwise.

## **B Corporate Governance**

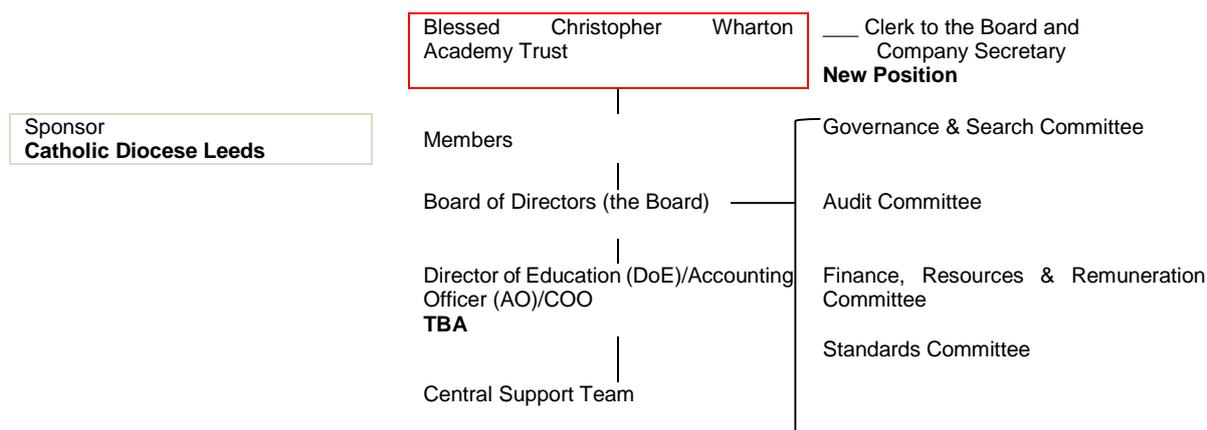
### **2 Academy Trust**

2.1 The Blessed Christopher Wharton Catholic Academy Trust (the Trust) is the legal body responsible for running the Academies within the Trust. The Trust was set up in conjunction with the Leeds Catholic Diocese. The Blessed Christopher Wharton Academy Trust has control over the assets and has a strategic role in running the Academies, but delegates management of the Academies to the Local Academy Councils (LAC's). The Trust must ensure compliance with the statutory and contractual obligations placed on Academies through legislation, and their Funding Agreements including acting as employer. The Leeds Catholic Diocese is the leaseholder or freeholder of the land.

2.2 The Trust's Articles dictates the Members of the Trust and the conditions that must be satisfied. It also states the general meeting protocol, voting procedures, and structure of governance.

2.3 The Trust must notify the ESFA's Chief Executive of the vacating or filling of the positions of Chair of Directors, Accounting Officer, Director of Education and Chief Financial Officer (Director of Finance & Operations). This is co-ordinated by the Clerk to the Board.

## 2.4 Trust Structure



## 3 Board of Directors

- 3.1 The Articles set out the composition of the Board and make provision for the running of the Academy Trust. The Board must ensure it consists of sufficient expertise to meet its responsibilities.
- 3.2 The Companies Act 2006, Charities Commission, and ESFA Financial Management Handbook (the 'Handbook') set out the responsibilities of the Board.
- 3.3 Financial responsibilities

The Board of Directors are responsible for the oversight of the Trust's activities. Its financial responsibilities are to:

- ensure effective and efficient use of resources (ensuring VFM), the solvency of the Trust and the safeguarding of its assets;
- Approve a written scheme of delegation of financial powers that maintains robust internal control arrangements;
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Director of Education, Director of Finance & Operations and other senior post holders;
- set a framework for pay and conditions of service of all other staff;
- ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the Trust are appropriate and sufficient to safeguard public funds;
- approve the appointment of external auditors;
- secure the efficient, economical and effective management of all the Trust's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the Trust is not put at risk;
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution;
- plan and conduct its financial affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure;
- ensure that the Trust complies with the Funding Agreement;
- approve the Trust's strategic plan and set performance targets;
- approve the annual Budgets;
- approve the annual Financial Statements.

## 4 Accounting Officer (AO) John Devlin

- 4.1 The Accounting Officer has personal responsibility (which must not be delegated) for assuring The Board of compliance with the ESFA Handbook, the Funding Agreement

and all relevant aspects of the company and charitable law. The Accounting Officer is accountable for the Trust's Financial Affairs, for keeping proper financial records, and for the management of opportunities and risks.

- 4.2 The Accounting Officer must be able to assure Parliament and the public of high standards of probity in the management of public funds, particularly value for money, regularity and propriety.
- 4.3 The Accounting Officer must advise the Board in writing if, at any time, in their opinion, any action or policy under consideration by the Board is incompatible with the terms of the Articles, ESFA Handbook or Funding Agreement. Similarly, the Accounting Officer must advise the Board in writing if the Board appears to be failing to act where required to do so by the terms and conditions of the ESFA Handbook or Funding Agreement.
- 4.4 If the Accounting Officer believes the Board is in breach of the ESFA Handbook or Funding Agreement, the Accounting Officer must notify the ESFA in writing and consult the ESFA Handbook.
- 4.5 The Accounting Officer must complete and sign a statement on regularity, propriety and compliance each year. This is submitted to the ESFA within the audited accounts and be published on the Trust's website.

## **5 Committee Structure**

The Board has ultimate responsibility for the Trust's finances, but delegate's specific powers and processes to the committees detailed below. These Committees are accountable to the Trust Board. The constitution, membership and proceedings of any committee shall be determined by the Directors under the requirements of The Articles and are set out in the Terms of Reference for each committee.

### **5.1 Local Governing Body (LAC) or Academy Council (AC)**

- 5.1.1 The Local Governing Body (LAC) or Academy Council (AC) is delegated authority under the individual Academy's Scheme of Delegation document and is reportable direct to the Blessed Christopher Wharton Catholic Academy Trust Board.
- 5.1.2 The LAC/AC are responsible for ensuring that their individual Academy's financial affairs are conducted in line with the Trust's Financial Regulations. They plan and approve the draft annual budget and submit it to the Trust Board for approval.

### **5.2 Audit Committee**

- 5.2.1 A requirement of the ESFA, the Audit Committee is independent, advisory and reports to the Board on the adequacy and effectiveness of the Trust's governance, risk management, internal control and value for money systems. It has the right of access to obtain all the expertise it considers necessary and to consult directly with the internal and external auditors.
- 5.2.2 The Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must

also assure itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

- 5.2.3 The Audit Committee must review the risks to internal financial control and agree a programme of work that will address these risks and so far as possible, provide assurance to the external auditors.

### **5.3 Governance & Search Committee**

- 5.3.1 The Governance & Search Committee advises the Board on the constitution of the Board and its recruitment and selection procedures. It also considers the skills required of members, terms of office and succession planning. The Committee is responsible for making recommendations to the Board on its Conduct of Business and any other governance policies.

### **5.4 Finance, Resources & Remuneration Committee (FRR)**

- 5.4.1 A Finance Committee is a requirement of the ESFA. The FRR Committee has delegated responsibility for scrutinising and overseeing the Trust's Finances and advising the Board in accordance with the Terms of Reference.

- 5.4.2 The Committee has a responsibility to monitor the Trust's financial position and financial control system. The Committee will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the Board. 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 Board and make recommendations accordingly. The Committee will also ensure that the Board has adequate information to enable it to discharge its financial responsibilities.

## **6 Other Managers with Financial Responsibility**

### **6.1 Director of Education (DoE)**

The Director of Education has responsibility, under the Board's guidance, for the overall organisation, management and staffing and for its procedures in financial and other matters, including conduct and discipline.

### **6.2 Director of Finance and Operations (DOF)**

Day-to-day financial administration is controlled by the Director of Finance & Operations(DOF) Main responsibilities are:

- preparing and monitoring of the Trust's budget
- assisting Business Managers in collating specific Academy financial information
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- preparing the Trust's annual Financial Statements and reports
- reporting to the ESFA and other regulatory bodies

- ensuring that the Trust maintains satisfactory financial systems and controls
- providing professional advice on all matters relating to financial policies and procedures
- liaison with auditors.

### 6.3 **Principal (Academy's ultimate Budget Holder)**

- 6.3.1 The Principal is responsible for preparing the Academy Development & Improvement Plan (ADIP) and academy budget and submitting to LAC/AC for approval
- 6.3.2 Once the annual budget of an Academy has been approved, the Principal will have delegated responsibility for administering and monitoring the budget for their Academy. The Principal is responsible for reporting budget performance to the LAC/AC.
- 6.3.3 The Principal is responsible for managing internal control systems and maintaining adequate financial records in accordance with the Financial Regulations and policies. The Principal must ensure any records are made available to Auditors on request. The Principal must ensure any auditor recommendations are implemented on request.
- 6.3.4 The Principal can set budget delegations within the limits set out in Appendix A.
- 6.3.5 The Principal is responsible for controls over the academies assets and stock.

### 6.4 **Business Manager (or dedicated Finance Lead)**

Business Managers are delegated responsibility to oversee the day-to-day financial administration of their individual Academy and must report to the Principal. The main responsibilities of Business Managers within their Academy include:

- controlling the day-to-day finances
- ensuring an accurate and up-to-date finance system is maintained and controlled
- ensuring compliance with the Financial Regulations including the implementation and maintenance of effective financial controls
- preparing the Academy's budget alongside the Principal, to submit to the ESFA by 31 July
- providing assistance to budget holders
- providing information to the DOF on request
- producing monthly finance information for the Local Governing Body (with support from the Central Finance Team)
- assisting internal and external audit reviews at the individual Academy.

The Business Manager Handbook sets out core accountabilities and specific responsibilities of Business Managers.

### 6.5 **Delegated Budget Holders**

- 6.5.1 Budget Holders are appointed by and are responsible to the Principal for financial management for the areas or activities they control. They are advised by the Academy's Business Manager in executing their financial duties.
- 6.5.2 Budget Holders are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved to staff, they are accountable to their Budget Holder for their own budget.

6.5.3 Budget Holders shall provide the Academy's Business Manager with such information as may be required to enable:

- compilation of the Trust's management accounts and financial statements
- implementation of financial planning & budget review
- implementation of audit and financial reviews, projects and value for money studies.

6.5.4 The DOF must be notified of all Delegated Budget holders (Appendix C). If the DOF is not notified of any Delegated Budget Holders it will be assumed the Principal is the sole Budget Holder for the Academy.

## 6.6 All Members of Staff

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

6.6.2 All staff should ensure that they are aware of the Trust's financial authority limits and the values of purchases for which quotations and tenders are required (Appendix A).

6.6.3 All staff shall make available any relevant records or information to the Business Manager/DOF in connection with the implementation of the Trust's financial policies, these Financial Regulations and the systems of financial control.

6.6.4 All staff shall provide the Business Manager/DOF with such financial and other information as deemed necessary, from time to time, to carry out the requirements of the LAC.

## 6.7 Central Finance Team

6.7.1 The Central Finance Team will support academies by:

- Training Academy staff on the account system
- Processing payments of Academy purchase invoices
- Undertaking month-end procedures
- Preparing budget monitoring reports for Principal and LAC
- Support throughout the budgeting cycle
- Support Principals in ensuring decisions are made on sound financial data
- Support for the Academies' staff in compliance with Financial Regulations.

## 7 Risk Management

7.1 The Board has ultimate responsibility for risk management and will be advised by the Audit Committee. Risk management processes should identify, evaluate and control risks.

7.2 The Board are responsible for producing and maintaining a risk register which demonstrates the results of the risk assessment process. Academies are required to record, monitor and mitigate operational risks.

7.3 All Academies are required to produce a Contingency and Business Continuity Plan which is to be reviewed and approved by the LAC/AC on an annual basis. The Board is responsible for the Trust's overall Contingency and Business Continuity plan.

## **8 Whistleblowing**

- 8.1 The Board is committed to the highest standards of openness, probity and public accountability. Please refer to the Trust's Whistleblowing Policy.

## **9 Code of Conduct**

Members of the Board and LAC are public servants and must not use public monies or official business for personal benefit.

### **9.1 Gifts or Hospitality**

- 9.1.1 A register is maintained by The Clerk to the Board and LAC to record hospitality and gifts received over a value of £50. This records the name of the organisation that gave the hospitality/gift, the date it was received, its nature and approximate value.
- 9.1.2 Any gifts given by Academies must have DoF or DoE approval, have the reason fully documented and have regard to propriety and regularity in the use of pupil funds.
- 9.1.3 Members/Directors/Local Governors must not accept benefits from third parties or use their connection with the Trust for personal gain.

### **9.2 Register of Interests**

- 9.2.1 It is the responsibility of the Directors, under the requirements of the Companies Act 2006, to ensure they declare their business and other interests.
- 9.2.2 The Trust maintains a register of interests for all Members, Directors, Local Governors and senior members of staff. (This is available on the Trust's Website). The register shall include all trusteeships and governorships and all business interests such as directorships, partnerships, share-holdings or other appointments of influence within a business or organisation. The disclosures should also include business interests of relatives, such as a parent or spouse, and business partners where influence could be exerted over a Board member or a member of staff by that person. The register must also identify any material interests arising from close family relationships between Members or Directors, and relationships between Members or Directors and employees.
- 9.2.3 All new Members/Directors/Local Governors and senior staff are required to complete a "register of interest" form and pass it to the Clerk to the Trust Board.
- 9.2.4 The register should be updated at least annually.
- 9.2.5 The existence of the register does not detract from the duties of Board members and staff to declare interests whenever there are relevant matters being discussed by the Board/LAC or a Committee. Where an interest has been declared, Board members and staff shall not speak to that item, and if necessary may be asked to withdraw from that part of any committee or other meeting.

### **9.3 Directors' Remuneration & Expenses**

- 9.3.1 The Board should not receive any remuneration for their work as Directors, other than payment of all reasonable out-of-pocket travel, accommodation or other expenses legitimately incurred by them in connection with their attendance at meetings, acting in their capacity as a member of the Board. Such reimbursements will be disclosed accordingly in the Financial Statements. Other payments to Directors must be permitted by the Articles, or by express authority from the Charity Commission.
- 9.3.2 Travel and subsistence allowances will be payable to Directors/Governors undertaking Trust duties at the rates applicable to other Trust staff.
- 9.3.3 All expense claims will be authorised by the Clerk to the Board/LAC and paid in accordance with normal Trust procedures.
- 9.3.4 The Clerk to Directors/Governors will report annually to the Board/LAC on significant expenses (including travel) incurred by Directors/Governors.
- 9.3.5 No member of the Board may hold any interest in property belonging to the Academy Trust. Nor may they receive remuneration in respect of any contract to which the Academy is a party.
- 9.3.6 Members of the Board, or any partner or connected person of his or hers, may be paid the usual professional fees for business undertaken by them in a professional capacity on behalf of the Trust, upon approval by the rest of the Board. This exceptional payment may only be allowable if:
- a. at no time a majority of the Board is engaged in such a professional capacity, and
  - b. individuals withdraw from any meeting at which his or her remuneration, or that of his or her partner/relative, is under discussion.
  - c. standard procurement procedures are followed to ensure Value for Money is achieved.
- 9.3.7 Directors must not accept benefits from third parties.

#### 9.4 **Goods or services provided by connected individuals/organisations**

- 9.4.1 The Trust must pay no more than 'cost' for goods or services provided to it by the following persons ('services' do not include services provided under a contract of employment):
- any Member/Trustee or Director of the Trust;
  - any individual or organisation connected to a Member/Trustee or Director of the Trust (consult DOF for more guidance)
  - any individual or organisation that is given the right under the Trust's Articles to appoint a member or trustee of the Trust, or anybody related to such an individual or organisation;

Whilst these provisions do not apply to contracts of employment, the same principles of securing value for money and using public funds properly, including managing conflicts of interest, will still apply. Salaries paid should be appropriate to the individual's skills and experience and the salary rates paid in the wider market.

- 9.4.2 From 1 April 2019, in addition to existing requirements, the Trust must seek approval from the ESFA when entering into a new agreement with a related party before confirming the transaction with the supplier. Approval must be sought when:
- a. a single contract or agreement with a related party exceeds £20,000
  - b. a contract or agreement of any value means the total value of contracts or agreements with the same related party exceeds £20,000 in a financial year
- 9.4.3 The exception to the above is if the total transactional value with the Trust **as a whole** in one financial year with the connected party is below £2,500. Contact the DOF prior to applying this exception.
- 9.4.4 The Trust must ensure that any transaction with a connected individual/organisation is:
- a. properly procured through an open and fair process,
  - b. Supported by a statement of assurance from that individual or organisation that their charges do not exceed the cost of the goods or services,
  - c. On the basis of an open book agreement including a requirement for the supplier to clearly demonstrate, if request, that their charges do not exceed the cost of supply.
- 9.4.5 The ESFA Handbook provides specific details/requirements of the above. Business Managers must consult the DOF where clarification is required before any such transactions are entered into. ESFA approval is required prior to entering into transactions with connected parties that are novel, contentious and / or repercussive.
- 9.4.6 Full cost includes all direct costs and indirect costs (i.e. a reasonable proportion of share of fixed and variable overheads). It must not include any profit element.
- 9.4.7 Academies must maintain sufficient records to evidence that transactions with connected parties have been conducted in accordance with the highest standards of accountability and transparency required in the public sector.
- 9.4.8 A central list of connected individuals/organisations is maintained by the Clerk (published on the Trust's website).

## **C Financial Management and Control**

### **10 Financial Planning**

10.1 Each Academy must have a 3 year Academy Development & Improvement Plan (ADIP) which incorporates the values and aims of The Blessed Christopher Wharton Academies Trust. It must be reviewed and adjusted annually during the summer term (no later than 30 June) and aims to link into the key areas, objectives and budgets for the following academic year.

10.1.2 The LAC/AC is responsible for developing and monitoring the ADIP. The Principal has delegated responsibility for ensuring the relevant areas of the ADIP are fed down to the Academy's staff.

### **10.2 Budgeting**

10.2.1 The Board is required to approve an annual balanced budget forecast to be submitted to the ESFA by 31 July. This must be minuted. The Board must approve any significant changes to the annual budget, which can draw on unspent funds brought forward from previous years. The Board must notify ESFA within 14 days of a proposed revenue deficit carry forward.

10.2.2 The Principal of each Academy is responsible for preparing the budget forecast for consideration and approval by the LAC and subsequently the Board (via the FRR Committee), and for managing the Academy within the approved budget.

10.2.3 The DOF shall support and document the budgetary process and make the supporting papers available for inspection as required.

10.2.4 All budgets must be prepared on an accruals accounting basis and split into 12 monthly reportable periods.

10.2.5 Budgets should be seen as a working document which may need revising throughout the year as circumstances change. Projected annual outturn is monitored monthly.

10.2.6 The Directors may request that a proportion of Academy GAG funding/surpluses are held centrally as a contingency measure in order to fund emergency or extraordinary items, aid cash flow and maximise investment opportunities, or for collaborative initiatives and projects. Should any principal feel they have been treated unfairly they must appeal to the Board.

10.2.7 Academies must use the Trust's Budgeting software to prepare and monitor budgets.

10.2.8 Expected surplus should be disclosed in the budget forecast prior to each financial year and approved by the Board. Clear future plans for the cumulative surplus to be carry forward must specify how it will be used to benefit pupils. The Board and ESFA will question any substantial surpluses with no clear plans for its use.

## **11 Financial Control**

### **11.1 Budget Monitoring & Control**

11.1.1 Principals will be responsible for notifying the LAC/AC of actual monthly results compared to the annual budget. Variance Analysis is the responsibility of the principal (delegated to Business Managers), supported by Central Finance.

11.1.2 The DOF is responsible for reporting consolidated monthly results to the Board, detailing the results of the individual Academies.

11.1.3 The Board will determine the format of the reports to be produced and KPIs to be reported.

11.1.4 Budget Holders, as delegated by the Principal in writing, will exercise proper and effective budgetary control of expenditure and income and will not commit any expenditure unless it is provided for in the approved budget. Delegated budget holders may commit expenditure within the limits of their budget allocations. The Principal reserves the right to restrict the authority of budget holders where appropriate.

11.1.5 The inclusion of any item in the budget shall confer authority to incur expenditure, subject to compliance with these Financial Regulations.

11.1.6 The Business Manager shall issue monthly reports to Budget Holders in accordance with annual reporting schedules. These reports must be reviewed by the Principal and significant variances to the budget forecast investigated.

11.1.7 The Trust through its review of monthly management accounts will identify any areas of underperformance against budget and take appropriate action. Any significant deviations from budget need to be communicated to the FRR Committee as soon as is practicable.

Budget overspends must be justified by the Principal. Necessary actions must be taken to ensure the Academy's budget is not in a projected deficit for the financial year-end. Any significant changes to the annual budget require Board approval.

### **11.2 Budget Changes/Virements**

11.2.1 The Trust does not operate a system of virements. A working budget is maintained to monitor projected outturn for the financial year.

11.2.2 An annual budget is submitted to the ESFA. Any subsequent changes to the set budget requires Board Approval.

### **11.3 Reconciliations**

11.3.1 The DOF is responsible for ensuring the following reconciliations are performed at least monthly:

- Bank balance per the nominal ledger to the bank statements
- Purchase and sales ledger to the nominal ledger
- VAT

- Income
- Other balance sheet items.

The Principal is responsible for ensuring the following reconciliations are undertaken at least monthly:

- Payroll
- Procurement cards
- Petty cash.

11.3.2 The Principal and DOF must sign all reconciliations as evidence of their review. Any unusual or long outstanding reconciling items must be brought to the attention of the DOF.

#### 11.4 **Month-end**

11.4.1 It is the responsibility of the Business Manager to ensure the Academy undertakes the necessary month-end procedures requested by the DOF. Month-end is fully supported by Central Finance who will prepare budget monitoring reports by the 10<sup>th</sup> working day at the latest. The Board expects Principals to undertake a thorough financial review on a monthly basis and report to the LAC.

## 12 **Accounting Requirements**

### 12.1 **General**

12.1.1 The Trust's financial year runs from 1 September to 31 August and is split into 12 calendar month reportable periods.

12.1.2 The controls and processes outlined in these Financial Regulations extend to the treatment of public and private funding.

12.1.3 The DOF will be responsible for ensuring that sound accounting and financial records are kept. All systems of accounting maintained by the Trust will be structured to enable management accounts and annual accounts to be produced in accordance with statutory obligations and the requirements of the ESFA as determined from time to time.

12.1.4 The DOF will ensure that financial records are retained in accordance with the requirements of the Board, the ESFA and other statutory bodies as appropriate.

12.1.5 The DOF will ensure that adequate controls exist over financial data entry, processing, storage, transmission and output to ensure security, confidentiality, accuracy, completeness and timeliness of the data, as well as the efficient and effective operation of the system.

12.1.6 The DOF will ensure that new systems and amendments to current systems are developed in a controlled manner and are thoroughly tested prior to implementation. All testing will be performed in an isolated environment away from the 'live' financial system.

- 12.1.7 The DOF will ensure that appropriate segregation of duties exists in respect of all financial tasks performed.
- 12.1.8 The DOF will maintain a central register of specimen signatures for all budget holders and signatories.
- 12.1.9 The DOF shall make proper arrangements to ensure the accurate and timely payment of taxes due, together with appropriate tax returns, within the due dates, ensuring that the Trust does not incur penalties for the incomplete treatment of VAT, PAYE and other taxes.

## **12.2 Basis of Accounting**

- 12.2.1 The DOF is responsible for producing the Trust's annual statutory accounts in accordance with applicable United Kingdom Accounting Standards, SORP, ESFA guidelines, and the Companies Act 2006.
- 12.2.2 The statutory accounts will be prepared according to the accounting policies approved by the Board.
- 12.2.3 The DOF and Accounting Officer are responsible for submitting the required annual returns to the ESFA in line with deadlines.

## **13 Audit Requirements**

### **13.1 External Audit**

- 13.1.1 External auditors must be appointed by The Members (upon recommendations from the Audit Committee). External Audit is a legal requirement.
- 13.1.2 The DOF is responsible for liaising with the External Auditors under the guidance of the Audit Committee.
- 13.1.3 It is the responsibility of the Audit Committee to ensure that the issues noted in the Report to Management issued by the External Auditor are acted upon.
- 13.1.4 The ESFA must be notified immediately of the removal or resignation of auditors.

### **13.2 Internal Audit**

- 13.2.1 The independent process of internal audits will be led by the Audit Committee, who have the right to access all the information it feels necessary without the presence of management.
- 13.2.2 Internal Auditors must be appointed by the Board.
- 13.2.3 Internal audit has a responsibility to consider Value for Money.
- 13.2.4 Internal audit should adopt a risk-based approach to planning the work. Internal audit must consider the whole of the Trust's risk management, control and governance arrangements, including all its operations, resources, staff, services and responsibilities to other bodies. It should cover all activities of the Trust.
- 13.2.5 The Internal Auditor's plan is to be reviewed and approved annually by the Audit Committee.

13.2.6 All findings from the Internal Auditors will be circulated to LACs for information and action. The Audit Committee will monitor the progress of implementing recommendations of Auditors. The Internal Auditors will follow up on any recommendations made to the Trust.

### **13.3 Fraud and Corruption**

13.3.1 The Board is absolutely committed to maintaining an honest, open and well intentioned atmosphere within the Trust, so as best to fulfil the objectives of the Trust and of the Department of Education. It is therefore also committed to the elimination of fraud within the Trust, to the rigorous investigation of any such cases, and where fraud or other criminal act is proven to ensure that wrong doers are appropriately dealt with. The Trust will also take appropriate steps to recover any assets lost as a result of fraud.

13.3.2 The Board wishes to encourage anyone having reasonable suspicions of fraud to report them. The Trust's policy, which will be rigorously enforced, is that no employee should suffer as a result of reporting reasonably held suspicions.

13.3.3 The Accounting Officer will ensure that issues raised under the Trust's Public Interest Disclosure (whistle blowing) procedure which have a bearing on the Trust's Financial Regulations are investigated in accordance with that procedure.

13.3.4 The Board will ensure that detailed policies and procedures for dealing with suspected cases of theft, fraud or corruption are in place.

13.3.5 The Accounting Officer will be responsible for ensuring that potential conflicts of interest are recorded in order to ensure the avoidance of actual conflicts of interest. This includes but is not restricted to the maintenance of the Trust's Register of Interests and central checks against this register by the Clerk to the Board/Governors. Any potential conflicts of interest so arising will be notified to the Accounting Officer.

13.3.6 External and Internal Auditors will plan and conduct their work so that they will have a reasonable expectation of detecting material financial irregularities including fraud and breach of the Financial Regulations. However, neither external nor internal audit are required to search specifically for irregularities and fraud and their audit should not therefore be relied upon to disclose them.

13.3.7 The Accounting Officer will ensure that the financial, planning and other management controls applied by the Trust are appropriate and sufficient to safeguard public funds.

13.3.8 Any significant (determined by ESFA handbook) or systematic/unusual instances of fraud or theft must be notified to the ESFA, therefore the Accounting Officer and DoF must be notified immediately.

## **14 Treasury Management**

### **14.1 Treasury Management Policy/Control of Investments**

14.1.1 The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation.

14.1.2 The Board is empowered to borrow money in accordance with powers laid down by the Articles. ESFA approval must be obtained prior to any borrowing being entered into.

- 14.1.3 The DOF is authorised to make arrangements with the Trust's bankers in accordance with the approved instructions of the Board.
- 14.1.4 The DOF will ensure that the Trust maximises its investment opportunities within a low risk environment as set out within the approved Investment Policy.
- 14.1.5 The DOF is responsible for ensuring that the requirements set out in the Investment Policy are followed prior to the placing of any investment and for maintaining records of any investments made. The DOF will report regularly to the FRR Committee and the Board.
- 14.1.6 The Board may invest to further the Trust's charitable aims, but must ensure the investment risk is properly managed and meets the conditions laid out in the ESFA Handbook and the Trust's Articles of Association.

#### **14.2 Cash flow Forecasting**

- 14.2.1 The DOF will ensure that detailed liquidity projections exist for the rolling 12 month period based upon the most up to date information and assumptions available.
- 14.2.2 The Board will be informed of the Trust's liquidity position through the monthly management accounts.
- 14.2.3 If significant balances can be foreseen, steps should be taken to invest the extra funds. Similar plans should be made to re-profile annual spending plans to cover potential cash shortages.

#### **14.3 Appointment of Bankers and Other Professional Advisers**

- 14.3.1 Appointment of new bankers or professional advisors requires Board approval.

#### **14.4 Banking Arrangements**

- 14.4.1 The DOF shall determine the authorised signatories for the Trust's accounts.
- 14.4.2 The DOF is responsible for the opening and closing of bank accounts required for the control and monitoring of the Trust's finances in accordance with the bank mandates held by the Trust's Bankers. All accounts will be in the name of "Blessed Christopher Wharton Academies Trust". Academies must not open separate bank accounts with other banks, all banking arrangements must be done under the Trust.
- 14.4.3 No cheques may be drawn for cash other than for imprest reimbursements unless expressly authorised by a mandate signatory and DOF.
- 14.4.4 Bank accounts of the Trust do not have overdraft facilities.
- 14.4.5 The DOF will provide regular reports for the Board regarding the Trust's borrowing.
- 14.4.6 Payments may only be approved by the authorised signatories in accordance with the agreed bank mandate.
- 14.4.7 Blank cheques will not be signed on any occasion.
- 14.4.8 The DOF is responsible for ensuring bank statements are received and reviewed regularly and that reconciliations are completed at least monthly.

## **14.5 Security of Cash, Cheques and other Negotiable Instruments**

- 14.5.1 The DOF is responsible for the safe custody of cash, and must ensure that regular and frequent reconciliations are undertaken. Responsible members of staff must make appropriate arrangements for the safety of any keys to safes and similar receptacles. The loss of such keys must be reported to the DOF at the earliest opportunity. Business Managers shall maintain a register of all authorised key holders.
- 14.5.2 All cheques, postal orders, cash etc shall be banked at least fortnightly as long as the maximum cash held at any point in time is less than £500 (or higher level agreed with DOF). Disbursements shall not be made from cash received. Paying-in slips must state the deposit amount and a reference to the receipt/debtor etc.
- 14.5.3 Under no circumstances shall official monies be used for the encashment of private cheques, neither must change be given when payment is made by cheque.
- 14.5.4 Any loss or shortfall of cash, cheques or other negotiable instruments, however occasioned, shall be reported immediately to the DOF.

## **14.6 Borrowing and Leasing**

- 14.6.1 The Board shall approve any borrowing or finance leasing arrangements which the Trust enters into. Borrowings are only to be entered into when the Trust's financial position warrants it. The relevant tender processes will need to be entered into to ensure the Trust achieves Value for Money.
- 14.6.2 Academies require ESFA approval for:
- a. taking up a finance lease on any class of asset for any duration from another party;
  - b. taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years;
  - c. granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

The DOF should be consulted prior to any leases or borrowing being entered into and ESFA approval obtained where required.

- 14.6.3 Operating leases do not require ESFA approval.

## **14.7 Guarantees, Indemnities and Letters of Comfort**

- 14.7.1 No individual of the Trust may enter into any guarantees, indemnities or letters of comfort without consent of the BCWCAT Board. The DOF must seek approval from the Secretary of State, as dictated by the ESFA Handbook, prior to any guarantees, indemnities or letters of comfort being granted.

## **15 Income**

### **15.1 External funding**

15.1.1 The LAC /AC or appropriate delegated person will be responsible for securing external funds and for ensuring that all submissions for external funds are appropriate and financially viable. If successful LAC/ACs will be responsible for ensuring appropriate and sufficient project management and compliance with Funding Agreements.

15.1.2 The DOF will be responsible for ensuring that sound differentiated accounting and financial records are kept. This includes appropriate and full disclosure of any deferred income, provisions or liabilities arising, as they become known.

15.1.3 The Audit Committee will ensure that appropriate audit arrangements exist to meet individual external agency requirements.

### **15.2 ESFA Funding**

15.2.1 The initial calculation for individual Academy's General Annual Grant (GAG) will be issued by the ESFA and must be checked by the Business Manager and DOF.

15.2.2 The ESFA GAG will be paid in 12 equal instalments in the first week of each month.

15.2.3 LAC/ACs are responsible for ensuring that ESFA funding is spent in line with the Funding Agreement.

15.2.4 Other forms of delegated funding are received by the Trust and/or Academy from the ESFA (Pupil Premium, Devolved Formula Capital, PE and Sports Grants etc). Academies must ensure they comply with any reporting requirements associated with these funds.

### **15.3 Other Income**

15.3.1 The LAC/AC is responsible for setting external charge out rates for the Academy's employees. These charges should be at full cost, but can apply an additional rate of return when in a commercial environment.

15.3.2 Internal charge out rates for Central Office staff will be at no more than full cost (including administrative overheads) to individual Academies.

15.3.3 Business Managers are responsible for reconciling all income at least monthly.

15.3.4 Business Managers are responsible for maintaining a file of all submitted grant funding applications along with evidence of spending in accordance with funding terms and conditions.

### **15.4 Income Procedures & Collection of Debts**

15.4.1 The Business Manager will ensure that:

- invoices are raised promptly on official invoices, in respect of all income due to the Academy with payment terms of no more than 30 days,
- 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 accounted for. (See section 19 – the Trust is currently not registered for VAT therefore no VAT must be charged on any sales invoices).

- monies received are posted to the correct debtor's account,
- swift and effective action is taken in collecting overdue debts (in accordance with Trust procedures),
- outstanding debts are monitored and reports prepared for the LAC/AC,
- Evidence of chasing debts is retained.

15.4.2 In instances where a debt is not collectable (all credit control and debt collection activities are exhausted), it should be written off subject to approval stated in Appendix B. The DOF must be consulted prior to writing off any debts to ensure ESFA approval is obtained where required (dictated by the ESFA Handbook).

15.4.3 The prudence concept must be maintained at all times and provisions made accordingly in the accounting records for bad debts.

15.4.4 Refunds/credit notes over £1,500 can only be raised by the Business Manager with authorisation from the Principal and confirmation of the original receipt of funds.

## 15.5 Cash Income/Cheque Deposits

15.5.1 Receipts must be given for any cash income. All receipts should be sequentially numbered and linked to the finance system of the Trust. All cash income to be counter signed by a second member of staff.

15.5.2 Exemptions may be granted by the DOF for cash collected for School Fund activities where the issuing of individual receipts is not practical. In this instance a list of the cash income generated should be kept and signed by two employees of the Academy responsible for collecting/counting the cash.

## 16 Expenditure

### 16.1 General Purchasing

16.1.1 The Board will ensure that the Trust considers economy, quality, financial risk and efficiency when making arrangements for the purchase of supplies, goods, equipment or services.

16.1.2 The Accounting Officer will have overall responsibility for all purchase orders and service contracts raised but may delegate some responsibility to other individuals, within the purchasing arrangements specified in Appendix A.

16.1.3 A purchasing arrangement for which a significant conflict of interest may arise will not be entered into without Board approval.

16.1.4 The Trust's Procurement & Tendering Policy must be adhered to.

16.1.5 Novel, contentious and/or repercussive transactions must be referred to ESFA (via DOF) for explicit prior authorisation.

16.1.6 Appendix A details the Scheme of Delegation of Authority with regards to expenditure commitments within annual approved budgets. Higher levels of expenditure require a chain of approval, i.e. where Board approval is required, the Principal and LAC must also approve as they are accountable for the Academy's budget.

### 16.2 Suppliers

16.2 New supplier request forms must be completed and sent to Central Finance. Central Finance will set up new suppliers on the accounts system.

- 16.2.1 Business Managers are responsible for ensuring new suppliers are genuine suppliers and supplier details are accurate. Actions taken to check authenticity must be recorded on new supplier request form.
- 16.2.2 Any changes to supplier details must be checked and verified appropriately prior to processing. A separate individual must verify changes. Actions taken to check authenticity must be recorded. Changes will be monitored by Central Office.
- 16.2.3 The Trust will review suppliers used at least annually to ensure value for money is being achieved and to identify potential economies of scale throughout the Trust. Business Managers are responsible for reviewing suppliers of their Academy.

### 16.3 Purchase Orders

- 16.3.1 The Trust operates a commitment purchasing system which means that expenditure is not committed with a supplier until they have been issued with a valid purchase order.  
Under no circumstances should staff order goods or services without first obtaining an official purchase order. Suppliers must be requested to quote the purchase order in their invoices.
- 16.3.2 Under no circumstances should staff use personal credit cards to purchase goods or services on behalf of the Trust.
- 16.3.3 The use of general call-off orders is not encouraged and should only be used in exceptional circumstances based on VFM criteria.
- 16.3.4 Specific call-off purchase orders to be allowed only where high volumes of a specific item are required and it is unreasonable to hold high stock levels onsite (e.g. stationery or printer cartridges) and where a high volume of repeat purchase orders would provide poor value for money in the use of Academies' administrative resources.
- 16.3.5 Verbal orders must only be issued as a matter of urgency. An official purchase order must be submitted as confirmation within 2 working days and be clearly marked 'confirmation order'. These orders should not exceed the delegated authority limit (Appendix A). The DOF should ensure there is a clear process for identifying purchases without a purchase order and take action as deemed appropriate.
- 16.3.6 Official purchase orders must be issued for all supplies, work and services required by the Trust, with the exception of:
- (i) Cash purchases properly defrayed from cash imprest accounts (i.e. petty cash transactions).
  - (ii) Variations of works included in formal contracts.
  - (iii) Trust purchase card expenditure.
  - (iv) Utilities such as gas, electricity and rates.
- 16.3.7 Official purchase orders will be issued with unique purchase order references which are controlled within the centralised finance system of the Trust and clearly indicate the nature, quality and agreed price of the goods or service to be supplied.
- 16.3.8 Under no circumstances are staff allowed to use the Academy's purchase ordering system or indeed any Academy purchase order number to obtain goods which are not specifically for use by The Academy/Trust.

16.3.9 Where there is insufficient budget available the purchase order may only be raised with the permission of the Principal and providing the transaction does not take the budget into deficit. Any significant budget variations must be notified to the DOF and section 11.1.7 followed.

#### 16.4 Tenders and Quotations

16.4.1 To promote the achievement of value for money and impartiality of suppliers, all purchases will be subject to the levels of quotes/tenders/EU procurement rules specified in Appendix A, with the exception of:

- (i) The goods are only obtainable from one specialist supplier.
- (ii) The goods are only sold at fixed prices.
- (iii) Where specific authority is obtained from the Accounting Officer (exceptional circumstances only).

Written confirmation must be provided by the budget holders in respect of the above exceptions.

16.4.2 For orders in excess £1,000 budget holders must retain evidence of quotes obtained (minimum of three) and be able to demonstrate value for money for a period of 2 years. Business Managers must ensure this evidence is retained.

16.4.3 All purchases by the Trust shall comply with any purchasing directives issued by the EU and with any threshold values contained therein. The DOF/Chief Operations Officer (COO) must be notified of any intention to purchase goods or services which are subject to EU purchasing directives. (See Appendix A).

16.4.4 In instances where tender arrangements are necessary the Business Manager will check potential suppliers against the Trust's register of interests and report any potential conflict of interest to the DOF. Any potential conflict of interest involving the LAC will be reported to the Board. The DOF/COO will be involved in tender exercises over £25k to ensure Trust economies of scales are achieved.

16.4.5 Tender evaluation procedures are detailed in Appendix A and in the Procurement and Tendering Policy.

16.4.6 The DOF will ensure that an appropriate and robust control, monitoring and reporting framework exists to ensure the probity of funds in all of the Trust's procurement arrangements.

16.4.7 Any projects externally funded must follow their specific procurement guidelines as well.

16.4.8 The Trust does not make political or charitable donations. Pupil fundraising is permitted.

#### 16.5 Contracts

16.5.1 The LAC may secure the provision of some services or arrangements under formal contracting arrangements. These contracts may be for a period of more than one year, but apply for a maximum of five years and may relate to potential expenditure commitments and income streams arising. Maintenance agreements, leasing or rental

agreements shall also be covered by such contract definition. Signature of such agreements/arrangements shall be delegated as per Appendix A.

16.5.2 BCWCAT Board approval is required prior to the signing of any contract with a contract value over £250,000.

16.5.3 The LAC is required to ensure that formal tender arrangements are applied at least every five years, unless it can be clearly demonstrated that:

- (i) the supply and/or service is still appropriate to the Trust's needs and
- (ii) that relevant market testing has revealed no material financial penalty for not pursuing formal tender arrangements and
- (iii) that a change in supplier would necessitate a material capital or other investment e.g. purchases of specific ICT equipment or implementation/consultancy services.

OR

- (vi) that the supply is demonstrably only available from one specialist supplier
- (v) where it is impractical to award a variation to works that an existing supplier is contracted for.

16.5.4 The DOF will ensure that all contracts over £10,000 are centrally monitored against individually defined tolerance thresholds. In instances of significant change a formal contract review will be undertaken, which may include a re-tender in some situations. Business Managers are responsible for passing electronic copies of contracts to the Central Support Team and completing a contract checklist for all contracts.

16.5.5 The Board will be required to authorise any departures from the normal procurement process as in 16.4.3 above where the contract is over £250,000. Where expenditure is less than £250,000 the DOE/Accounting Officer must approve any departures from the normal procurement process. The financial limits applying to tender arrangements are specified in Appendix A. Departures from the normal procurement process will be reported to the FRR Committee by the DOF.

16.5.6 Contract arrangements can only be arranged by budget holders, who must declare any potential or actual conflict of interest (including operational arrangements) to the DOF. If the conflict of interest relates to the DOF, the DOE must be informed. Contract agreements cannot be approved by the Officer in Appendix A to whom the conflict of interest relates to. In this situation the contract must be approved by the next officer above as stated in Appendix A.

16.5.7 Budget holders will not make commitments on behalf of the Trust to external suppliers of goods or services until such time that an approved contract and approved purchase order is in place.

16.5.8 Certain leases (finance leases, leaseholds and tenancy agreements) require approval from the Secretary of State. See section 14.6 above.

## 16.6 Goods Received and Invoicing

16.6.1 The delegated individual who ordered the goods must make appropriate arrangements for the delivery of goods to the Academy. On receipt a detailed check of the goods received against the goods received note (GRN) must be undertaken and a record taken of any discrepancies between the goods delivered and the GRN. The individual checking the goods on delivery must sign the GRN. Discrepancies should be discussed with the supplier of the goods without delay. Orders must be receipted on the accounts system.

16.6.2 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Business Manager should be notified. Any goods returned to suppliers will be noted on the relevant order in accounts system.

16.6.3 All invoices received are matched against purchase orders and scanned onto the system once matched. If the invoice doesn't match to the PO but is within the 5% threshold (or £50 if lower) then the invoice can be matched and processed. If the invoice varies from the PO above this threshold then the invoice requires authorisation from the budget holder. For Invoices without a PO these must be approved by the budget holder in accordance with Appendix A. Once authorised the invoice must be scanned onto the system. The Central Finance Team will monitor the invoices without a PO and report back to the Audit and FRR committee.

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

## **16.7 Certification of Invoices**

16.7.1 Scanning the invoice on the accounts system certifies that the following checks have been made;

- (i) The goods or services have been received or provided satisfactorily in accordance with the Trust's purchasing arrangements.
- (ii) Prices, discounts, other allowances and VAT calculations are correct.
- (iii) The expenditure has been properly incurred.
- (iv) The invoice is properly coded.
- (v) The invoice has not previously been paid.
- (vi) The invoice has been properly authorised.

16.7.2 The Principal or delegated Budget Holder will not authorise expenditure for which a conflict of interest may arise. All such invoices will be certified by either the Principal (if conflict relates to delegated Budget Holder) or Chair of the LAC. In the case of the conflict arising with the Principal or LAC Chair the Director of Education will certify the invoice.

16.7.3 The DOF must ensure there is a process for ensuring duplicate invoices cannot be paid. Copy invoices are not to be paid unless exhaustive checks have been performed to confirm payment has not been made. Under no circumstances are payments to be made against supplier statements.

16.7.4 The Principal or the DOF may withhold payment of any account where they are not satisfied that the account is in order.

## **16.8 Payment Routines**

16.8.1 Invoices for payment will be certified as soon as possible and in any case in sufficient time to enable any discounts or other rebates to be obtained. The DOF will make suitable arrangements to ensure payments are made in line with credit terms.

16.8.2 General payment terms are 30 days. Any changes to these terms must be agreed with the DOF in advance of placing an order. Only emergency purchases or urgent payments at academies can be made outside the standard payment runs. This will be monitored by the DOF.

16.8.3 In the case of contracts for works which require payment to be made on account during the progress of the work the Business Manager shall make payment on receipt of a certificate from the appropriate technical consultant or professional.

16.8.4 In exceptional circumstances, where the Academy selected supplier will only deliver goods or services on the basis of payment with the order or otherwise in advance of delivery, the Budget Holder may certify accounts for payment clearly indicating payment in advance for goods/services after prior agreement from the Business Manager, subject to later confirmation of satisfactory receipt of those goods and services.

16.8.5 The DOF is responsible for ensuring that there are clear processes and procedures that are robust and minimise the risk of fraud in the production and authorisation of all payments and appropriately records all transactions on a timely basis.

## 16.9 **Purchasing Cards**

16.9.1 All Trust purchasing card holders must have the express authorisation of the Principal and the DOF. Holders of purchasing cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Cards must not be loaned to another person, nor must they be used for personal or private purchases. Cardholders must obtain approval to purchase from the relevant budget holder and must ensure that there is sufficient budget available to meet the costs. Cardholders must provide any information relating to purchases on purchasing cards as required by DOF.

16.9.2 Purchasing cards must not be used for suppliers on the Academy's purchase ledger.

16.9.3 Cash withdrawals on purchasing cards are not permitted.

16.9.4 Cardholders must ensure that all purchases made with Trust purchasing cards are:

- (i) Within the prescribed limits set by the DOF.
- (ii) Authorised in accordance with the general purchasing regulations.

16.9.5 This is underpinned by purchasing procedures to authorise expenditure and ensure expenditure is recorded correctly with clearly defined responsibilities.

16.9.6 Balances on Purchasing Cards must be cleared monthly before any interest accrues. Any interest accrued is an infringement of ESFA borrowing restrictions.

16.9.7 All cardholders must adhere to the Purchasing Cardholder Agreement and follow the Purchasing Cardholder Guide.

## 16.10 **Petty Cash**

16.10.1 The Business Manager has responsibility for overseeing the operation of the Academy's fixed imprest petty cash system. The imprest will not normally be larger than is required to meet expenses likely to be incurred.

16.10.2 The maximum level of cash float held at any time is set according to Appendix A. The only deposits to petty cash should be from cheques cashed specifically for that purpose.

16.10.3 Petty cash should be locked away at all times and keys held by the responsible individual and Business Manager.

16.10.4 General payments made from the imprest account are to be limited to minor expenditure, to a maximum transaction value of £50, for which there is proper authority and provision in budget expenditure (authority required prior to reimbursement). Requests for reimbursements above this limit require authorisation from the Principal.

16.10.5 Appropriate VAT vouchers/receipts must be produced for all reimbursements. Reimbursements can only be made for Trust expenditure paid in cash.

16.10.6 Petty cash slips are supplied by the Business Manager and must be used for recording all petty cash transactions. Sequential voucher numbers are used and the forms must be signed by both claimant and authorising individual once completed and passed to the Business Manager.

16.10.7 The following items cannot be reimbursed via petty cash:

<b>Item</b>	<b>Correct Procedure</b>
Alcohol	Alcohol cannot be claimed for at all.
Staff Subsistence (accommodation, travel, car parking, meals)	Claim through Payroll. These items must be submitted, together with receipts, on a Travel Expense Claim Form.
Internet Purchases	These should be purchased using a Purchase Order.
Casual work or payment of services (e.g. referees)	Refer to Payroll for correct method of payment.

16.10.8 Expenditure may be made from petty cash for hospitality if this is for at least one external visitor to the Trust. All such hospitality should be authorised by the relevant Budget Holder before any payment is made. Name of company/event and attendee names, both external and internal should appear on petty cash slip.

16.10.9 The Business Manager is responsible for the prompt monthly reconciliation of petty cash and retention of petty cash audit documents. Unannounced petty cash counts may be undertaken by the DOF to ensure that the cash balance reconciles to supporting documentation.

#### 16.11 Cash Advances

16.11.1 The Principal/DOE may provide cash advances to individuals to cover approved expenses which will be incurred wholly, necessarily and exclusively in the performance of future Trust duties in the UK.

16.11.2 The cash advance recipient is required to provide a reconciliation of the advance including all original supporting documentation within five days of the completion of the event or activity.

16.11.3 In cases where the Business Manager/DOF has identified that an expense appears excessive and the matter cannot be satisfactorily resolved with the individual concerned, it will be referred for a decision to the Principal/DOE. Where the Principal/DOE decides that the expenses claim cannot be justified the individual will

be required to make a corresponding repayment. If the expense claim relates to the Principal/DOE the decision will be made by the Chair of the LAC/Board.

16.11.4 Any un-reconciled and non-repaid funds will be recovered through the next available payroll.

16.11.5 The maximum level of cash advance held at any time is set according to Appendix A.

## **17 Payroll Expenditure**

17.1.1 Pay increases for Director of Education, Director of Finance & Operations, Principals and Heads of School require Board approval, in accordance with the Academy's Scheme of Delegation.

17.1.2 The ESFA has strict guidelines for Staff Severance payments, Compensation payments & Ex gratia payments. Prior to any commitments to such payments the DOF must be notified and ESFA guidance followed. ESFA approval may be required.

## **17.2 Payroll Administration**

17.2.1 The payroll function for the Trust is outsourced (currently provided by Bradford Council). Responsibilities of the Payroll Administrator and Academies are detailed in the SLA.

Any appointments, resignations, pay changes, overtime etc must be authorised by the Principal/Director of Education and records kept in personnel files.

17.2.2 The Principal is responsible through his or her officers for ensuring that there are appropriate processes and procedures in the record keeping for personnel.

17.2.3 Payment of salaries or wages before the due payment day may not be made, except at the discretion of the Principal/DOE.

17.2.4 All salary adjustments for each month must be summarised and signed off by the Principal prior to processing.

17.2.5 Draft payroll reports should be compared to the months budgeted payroll costs and any variances investigated. Monthly payroll reports must be approved by the Principal prior to payment.

17.2.6 The Central Finance Team is responsible for ensuring that information relating to payments made are accurately recorded on the Trust's finance system as soon as possible after the payment has been made. Payroll costs must be reconciled monthly to the payroll reports provided and the bank account.

17.2.7 All staff are paid monthly by bank credit transfer to their bank accounts.

17.2.8 Academies with more than one payroll per month may work towards a single payroll to cut down on administration time.

## **17.3 Appointment of staff**

17.3.1 Academies should refer to their Schemes of Delegation, which states the level of Trust involvement in the appointment of the Principal and the other members of the senior leadership team. The LAC has the authority to appoint staff within the approved budget. The Principal must sign all new starter forms.

17.3.2 Principals are responsible for the set up and maintenance of personnel files and the issuing of contracts of employment (using Trust templates for Contracts of Employment). Academies are responsible for maintaining a Single Central Record.

#### **17.4 Payments of Overtime, Travel Subsistence and other allowances**

17.4.1 Overtime is authorised by Budget Holders with the control mechanism being budgetary control. The Chair of the LAC is responsible for authorising claims relating to the Principal and the Chair of BCWCAT Board for authorising claims relating to the DOE and DOF.

17.4.2 All time records or other pay documents shall be in a form requested by the Payroll Administrator.

17.4.3 All claims should be certified on the relevant expenses form by the relevant delegated budget holders and relevant specimen signatures. The certification shall be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances/overtime are properly payable by the Academy and are in accordance with the current Trust's schedule of allowances (Appendix A).

17.4.4 Monthly claims should not be submitted more than two months after the month in which the hours/expenditure on the claim were incurred without express authorisation from the Principal/DOE.

#### **17.5 Payment of Expenses**

17.5.1 The Trust will only make employee reimbursements when claims are substantiated by supporting evidence (receipts etc) which have been incurred wholly in the performance of the Trust's/Academy's duties.

17.5.2 The Principal/DOE may provide cash advances to staff solely to cover imminent expenses which will be incurred wholly in the performance of The Academy's duties (Appendix A), see section 16.10. The Trust will recover any unreconciled funds from the employee through the next available payroll payment.

#### **17.6 Disclosures**

17.6.1 The DOF will ensure that all appropriate disclosures relating to Directors and other higher paid staff are appropriately and fully disclosed in the Annual Financial Statements.

#### **17.7 Arrangements for Agency Staff**

17.7.1 Principals are responsible for arranging their agency staff and ensuring employment tax legislation is followed.

### **18 Assets/Inventory/Stock**

18.1.1 All items purchased with a value over the Academy's capitalisation limit of £5,000 (£500 for electrical equipment) must be entered in an asset register subject to the conditions of the Asset policy. The fixed asset register is the responsibility of the Business Manager, which forms the basis of the Academy's annual depreciation charge.

18.1.2 ESFA approval is required prior to acquiring or disposing of freehold land and buildings or heritage assets. The Board determine the basis for valuing land and buildings in the Trust's Financial Statements.

18.1.3 All the items in the register should be permanently and visibly marked as the Trust's/Academy's property and there should be a regular annual count by someone other than the person maintaining the register. Discrepancies between the register and the physical assets should be investigated promptly and where significant reported to the LAC and DOF. Additional Inventories of Academy property should be kept up to date and reviewed regularly.

18.1.4 The asset register should include the following information:

- > Asset description
- > Asset number
- > Date of acquisition
- > Asset cost
- > Source of funding
- > Expected useful economic life
- > Depreciation
- > Current net book value
- > Location
- > Name of member of staff responsible for asset.

18.1.5 Assets should not be used for personal use or leave the company's premises without prior approval from the Principal/DOE. A record of the loan must be maintained. Any loans over an extended period may give rise to a 'benefit-in-kind' for taxation purposes. Business Managers should consult the Trust's HR advisors for advice.

18.1.6 Depreciation is provided on all fixed assets other than freehold land, calculated to write off the cost of each asset over its expected useful life, as follows:

Leasehold buildings	straight line over 40 years
Fixtures, fittings and equipment	20% straight line
ICT equipment	33.33% straight line
Purchased computer software	20% straight line.

18.1.7 Business Managers must ensure that a 10 year maintenance/upgrade profile is maintained for premises and a 5 year ICT replacement cycle is maintained. These cost projections must then be linked to the budgets of the Academy.

## 18.2 Disposal of assets

18.2.1 Items which are to be disposed of by sale or destruction must be authorised for disposal in accordance with Appendix B and where significant should be sold following competitive tender.

18.2.2 The Trust must ensure that asset disposal maintains the principles of regularity, propriety and value for money. This may involve public sale where the assets have a residual value.

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

18.2.4 If disposing of assets purchased by capital grant funding, the specific Funding Agreement should be consulted to ensure funding conditions are met and funding will not be clawed back.

18.2.5 All disposals of freehold land and buildings and heritage assets must be agreed in advance with the Secretary of State via the ESFA.

### **18.3 Stock**

18.3.1 Business Managers are responsible for the custody and physical controls of stocks in their Academy and keeping relevant records. Principals must ensure stock levels are not held in excess of reasonable requirements.

18.3.2 Business Managers are responsible for valuation of stock at month/year end.

## **19 Tax**

19.1 The Trust is not registered for VAT with HMRC. The DOF will monitor the registration limits and notify Business Managers when the Trust has to register for VAT. VAT should not be charged on any sales invoices raised by the Trust.

VAT on purchases (non-business only) can be reclaimed using HMRCs VAT 126 claim form, which is completed by the Central Office

19.2 The DOF is responsible for dealing with the Trust's corporation tax exemption with HMRC.

19.3 Business Managers are responsible for ensuring payroll creditors to HMRC are reconciled between the payroll reports (provided by Payroll service provider) and the Academy's bank account.

19.4 Any payments to contractors and sub-contractors are made in accordance with the Construction Industry Scheme.

19.5 Business Managers are responsible for ensuring any contractors/consultants used by the Academy that is subject to IR35 had tax deducted from any payment to the contractor and this is paid over to HM Revenue & Customs as if they were employees. This is facilitated through payroll.

## **20 Other**

### **20.1 Insurance**

20.1.1 The Principal shall be responsible for the appropriate insurance cover of the Academy and negotiating for the settlement of all claims, subject to the agreement of the LAC/AC, acting in accordance with the powers delegated under their Scheme of Delegation. The DOF is responsible for the insurance of the Trust Central Office.

20.1.2 Trust Academies are insured under Zurich. It is the Principal's responsibility to review all risks to the Academy and ensure adequate insurance cover.

20.1.3 All staff members shall give prompt notification to the Principal of:

- (i) all new risks which require cover and any alterations affecting existing insurances.
- (ii) any loss, liability or damage or any event likely to lead to a claim.

The Principal will notify the insurer of any new risks or any other alterations affecting existing insurance.

20.1.4 The DOF must be informed of all potential claims. The Academy will immediately advise its insurers of any accident, loss or other incident which may give rise to a claim.

## 20.2 **Accounting system**

20.2.1 All financial transactions must be recorded on the approved accounting system (PS Financials) in the agreed format. The system is overseen by the DOF.

20.2.2 The DOF will control the nominal chart of accounts for all Academy accounting systems to facilitate consolidation of results and submission of reports to ESFA etc.

20.2.3 All transactions input on the accounting system must be authorised in accordance with the procedures specified. Guidance on operating PSF can be found in the user manuals.

## 20.3 **System access**

20.3.1 The accounting system is protected by access permissions to authorised staff. Access permissions should be strictly controlled and individual log-ins and passwords should not be compromised. The DOF is responsible for restricting access to PSF and determining access levels for all users of the system (in consultation with the Principal).

20.3.2 The Central Finance Team must be notified of any leavers who have access to the system and access to the system will be removed.

## 20.4 **Back-up procedures**

20.4.1 The DOF is responsible for ensuring efficient back up procedures are in place for the finance system. The Business Manager is responsible for ensuring the Academy's IT systems have sufficient back up procedures in place.

## 20.5 **Retention of Records**

20.5.1 The Trust must retain all records necessary to verify the provision delivered by it or its sub-contractors in relation to the ESFA Handbook and the Funding Agreement six years after the end of the period to which funding for the provision relates. Business Managers are responsible for retention of Academy records. This is also a requirement of HMRC.



## Appendix A – Scheme of Delegation of Authority

Income, contracts, normal consumable expenditure (goods & services) and capital

Amount *1	Approval	Central Office only
Any involving financial probity, any novel or contentious transaction. Any irregular, improper or non-VFM transactions	BCWCAT Board (& possibly ESFA, contact DOF in all instances)	BCWCAT Board (& possibly ESFA)
Up to £3,000	Head of School	Trust Finance
Between £3,001 & £10,000	Executive Principal	Trust Finance
Between £10,001 & £50,000	LAC	Trust Finance
Between £50,001 & £100,000	BCWCAT Board	BCWCAT Board
Between £100,001 and £250,000	BCWCAT Board	BCWCAT Board
Over £250,001	BCWCAT Board	BCWCAT Board

All Orders	Process
Less than £1,000	At least one single quote
Between £1,001 and £5,000	Minimum of 3 written (evidenced by email confirmation) or internet quotes with a feasibility study
Between £5,001 and £25,000 (reduced to £15,000 for Capital purchases)	Minimum of 4 written quotes in response to a specification issued by the Academy with a feasibility study
£25,001 (reduced to £15,001 for Capital purchases) to OJEU limit	4 Formal written Tenders (inform DOF). Refer to Procurement and Tendering Policy. <b>DOF to be consulted pre tender</b>
Over OJEU	EU Tendering Process – <b>Trust Finance to lead</b>

Orders must not be artificially split to avoid these limits.

Any order with a connected party of the Trust must be at cost (no profit element charged to the Trust) and declared to the DOF – see section 9.4.

Any External Funding Spend must comply with Funding Agreement.

\*1 Note – These limits can be restricted further or additional levels of authority imposed by the BCWCAT Board if considered necessary (i.e. Academy classified as RI, Academy not following Finance Regs)

### Contracts

Approval of contracts/SLAs same as above dependant on the total value over the length of the contract. Contract checklist must be completed for all contracts/SLAs and for contracts exceeding £10,000 the completed checklist and signed contract must be emailed to DOF.

Conflicts of Interest must be declared to DOF prior to approval and section 16.4.6 followed.

Departures from Contracts require approving as follows:

Contract value	Officer
Under £10,000	Delegated BH/Senior Manager
Between £10,001 and £25,000	Principal / Head of School

DOF must be notified of any leasing arrangements prior to commitment being made. Certain leases require authority from ESFA.

Between £25,001 and £50,000	LAC or Executive Principal
Between £50,001 and £100,000	LAC
Between £100,001 and £250,000	DOE
Over £250,001	BCWCAT Board

### Tendering

Tendering must be completed for goods/services over £25,000 (£15,000 for capital items). Total spend is over the lifetime of contract NOT annually. All Tender openings up to £100,000 must have a representative of LAC and over £100,000 must have a representative of BCWCAT Board plus at least two others (Principal, DOF, Business Director, Business Manager, Director, Governor, or Deputy Principal).

The relevant tender opening documentation must be completed and made available to the DOF.

EU Tendering Process applies to the following spend over lifetime of contract (not annually) and for an assumed minimum of four-year contract

>£164,176 for supplies/services (net of VAT)      >£4,104,394 capital (net of VAT)

### Capital

The process for capital is based around the budgeting process. Any subsequent requests are treated on merits and subject to availability of cash. EU Tender limits apply to capital. Annual capital budget is approved by the Board. Once approved, can be committed.

Items <£2,000 will not be capitalised. Electrical equipment <£500 will not be capitalised

### Cash

- Petty Cash

Used to reimburse small cash items <£50.

Maximum float at any time- £500 (a request for a higher float must be agreed with DOF)

- Employee cash advances

Up to £1000 – authorised by Principal/DOE. This can only be used for expenses that are likely to be incurred imminently (e.g. trips with students).

All advances or petty cash advances must be subsequently returned or an expense claim form submitted within a month of the activity. This must be accompanied by valid receipts.

### Expenses limits (emphasis on what is fair and reasonable)

Hotels - £100 per night (unless in London – up to £140 per night)

Meals - Evening £25 (excluding alcoholic drinks), Lunch £15, Breakfast £10 (if not incl. in hotel's standard charge) & tea £3

Mileage rate - up to 45p per business mile for the employee's first 10,000 miles pa, 25p per business mile over 10,000 miles. (Additional 5p per passenger can be paid at the discretion of the Principal/CEO) (Must hold current driving licence, MOT & have insurance cover for business use, otherwise expenses will not be paid)

Note: this is a brief summary of limits; full details are contained in the Financial Regulations and accompanying policies



## Appendix B – Delegated Authorities

Issue	Officer
Approval of payments	Governed by Bank Mandate. At least one signature from: >Principal >LAC Chair >DOE >Director And at least one signature from; >Business Manager >DOF
Investment of surplus funds	>Trust Board
Imprest accounts (£2,500 max)	> DOF
Sale or disposal of assets (net asset value) excluding land and buildings & heritage assets	Less than £10,000 - Principal Less than £25,000 - LAC Less than £75,000 - DOE Over £75,000 –BCWCAT Board
Acquiring and disposing of land and buildings	BCWCAT & Diocese Board and ESFA approval required
Debts write offs & losses	Less than £2,500 – LAC Over £2,501 – Accounting Officer. (Consult DOF. ESFA to be notified in accordance with ESFA Handbook)
Borrowing	BCWCAT Board and ESFA approval required
Staff Severance payments, Compensation payments, & Ex gratia payments.	Strict guidelines issued by ESFA. Consult DOF in all instances prior to commitment to any such payments.
Obtaining a finance lease or lease involving land and buildings	Trust Board/Diocese and ESFA approval required. (See section 14.6)
Operating lease	Budget holder (in accordance with Appendix A)
Issuing Gifts	DOE
Guarantees, Indemnities and letter of Comfort	BCWCAT Board. (ESFA to be notified in accordance with ESFA Handbook)



**Appendix C - Academy Delegated Responsibilities 18/19**

Form to be completed and passed to DOF once signed by the Academy Principal and Chair of Governors.

- a. Academy Name:
- b. Ultimate Budget Holder (Principal):
- c. Delegated Budget Holders:

Delegated Holder name	Budget	Budget amount delegated (not more than £10,000)	Budget Signature	Holder	Confirmation that the Budget Holder has completed a Register of Interests (Y/N)

- d. Purchase Card Holders

Card Holder name	Card spending limit

Endorsed by:

Chair of LAC \_\_\_\_\_

Date \_\_\_\_\_

Principal \_\_\_\_\_

Date \_\_\_\_\_



## **Appendix D - Linked Documents to the Financial Regulations**

### **Fraud Policies**

BCWCAT Anti-Fraud & Bribery Policy

BCWCAT Fraud Response Plan

BCWCAT Whistleblowing Policy

### **Tendering Policy**

Procurement and Tendering Policy

Contract checklist

### **Purchasing Card**

Purchasing Cardholder Guide

### **Conflict of Interests**

BCWCAT Conflict of Interest Policy

Register of Interests Form (blank)

Register of Directors' and Senior Staff Interests

### **Terms of Reference**

1. Audit Committee
2. Finance, Resources & Remuneration Committee
3. Governance Committee
4. Standards Committee

### **Statement of Accounting Policies**

### **Glossary of Terms**

### **ESFA Financial Handbook**