

The DS Academy Trust – Financial Regulations

A GENERAL PROVISIONS

1 Background

- 1.1 The institution is an academy created under the provisions of the Academies Act 2010, as amended by the Education Act 2011. Its structure of governance is constituted under the articles of association.
- 1.2 The institution is an exempt charity by virtue of the Charities Act 2011.
- 1.3 The funding agreement between the funding body and the academy sets out the terms and conditions on which grant is made. The trust governing body is responsible for ensuring that conditions of grant are met. As part of this process the academy trust is required to have in place sound financial systems and controls. The financial regulations of the academy trust form part of this overall system of accountability.

2 Status of Financial Regulations

- 2.1 This document sets out the institution's financial regulations. It translates into practical guidance the institution's broad policies relating to financial control. This document was approved by the Trust governing body on 21st April 2015 and was reviewed on 23.10.17 It applies to the institution and all its subsidiary undertakings.
- 2.2 These financial regulations are subordinate to the institution's articles of association and to any restrictions contained within the institution's funding agreement with the funding body and the funding body's *Academies Financial Handbook*.
- 2.3 The purpose of these financial regulations is to provide control over the totality of the institution's resources and provide management with assurances that the resources are being properly applied for the achievement of the institution's strategic plan and business objectives on a sustainable basis, including:

- maintaining financial sustainability
 - achieving value for money
 - fulfilling its responsibility for the provision of effective financial controls over the use of public funds
 - ensuring that the institution complies with all relevant legislation
 - safeguarding the assets of the institution.
- 2.4** Compliance with the financial regulations is compulsory for all staff connected with the institution. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the institution's disciplinary policy. Any such breach will be notified to the individual academy governing body through the finance committee and subsequently to the Trust. It is the responsibility of the individual Head Teachers to ensure that their staff are made aware of the existence and content of the institution's financial regulations.
- 2.5** The trust finance committee is responsible for maintaining a continuous review of the financial regulations, through the Chief Financial Officer/Accounting Officer, and advising the Trustees of any additions or changes necessary.
- 2.6** In exceptional circumstances, this committee may authorise a departure from the detailed provisions herein, such departure is to be reported to the Trust and individual Academy governing body at the earliest opportunity.
- 2.7** The institution's detailed financial procedures set out precisely how these regulations will be implemented and are contained in a separate manual which is available in all departments.

B CORPORATE GOVERNANCE

3 The Governing Body

- 3.1** The governing body of each individual academy in the trust is responsible for the strategic direction and management of the academy including:
- policy development and strategic planning, including target setting
 - agreeing policies for the sound management and administration of the academy
 - allocating the academy's financial, human and other resources
 - setting performance targets
 - agreeing a development plan (often called the improvement plan)
 - producing a scheme of delegation for the management of the academy

- ensuring compliance with legal requirements
- ensuring sound management of the academy's finances and resources
- setting the academy's standards of conduct and values
- holding the Head Teacher to account for the performance of the academy
- establishing and maintaining a transparent system of prudent and effective internal controls
- accounting to parents/carers and other stakeholders for the performance of the academy
- appointing the academy's internal and external auditors.

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

4 Accountable Officer

- 4.1** The Chief Executive Officer is designated by the funding agreement as the accounting officer and is responsible for the financial and administrative matters of the institution. As accounting officer, the Chief Executive Officer is responsible to the governing body and through that to the Secretary of State for:
- ensuring regularity and propriety
 - ensuring prudent and economical administration
 - avoiding waste and extravagance
 - securing value for money through the efficient, effective and economical use of available resources
 - the day-to-day organisation, staffing and management of the academy.

5 Committee Structure

- 5.1** The trusts director body has ultimate responsibility for the institution's finances, but delegates specific powers and processes to the committees detailed below.¹ These committees are accountable to the governing body.
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5.2 Finance committee

Monitoring of the institution'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 director body. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to the financial duties of the director body and make recommendations accordingly. The committee will also ensure that the director body has adequate information to enable it to discharge its financial responsibilities. The finance committee's responsibilities are listed at Appendix B.

6 Other Senior Managers with Financial Responsibility

6.1 Chief Financial Officer

Day-to-day financial administration is controlled by the Chief Financial Officer who is responsible to the Chief Executive Officer for:

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

Appendix C² shows the finance department's organisational structure. Details of the key contacts for the main areas where advice can be sought are also listed on appendix C.

6.2 Heads of department

Head Teachers are responsible to the Chief Executive Officer for financial

management for the areas or activities they control. They are advised by the School Business Managers in executing their financial duties. The School Business Manager will also supervise and approve the financial systems operating within their schools including the form in which accounts and financial records are kept. Heads Teachers are responsible for establishing and maintaining clear lines of responsibility within their schools for all financial matters.

Head Teachers shall provide the Chief Financial Officer/School Business Manager with such information as may be required to enable:

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

6.3 All members of staff

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

They should ensure that they are aware of the institution's financial authority limits (see 20.2) and the values of purchases for which quotations and tenders are required (see 20.6).

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

They shall provide the Chief Financial Officer with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the governing body.

They shall immediately notify the Chief Financial Officer whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia (one example out of many possibilities), cash or property of the institution. The Chief Financial Officer shall take such steps as he or she considers necessary by way of investigation and report.

7 Risk Management

- 7.1 Risk management can be defined as ‘*coordinated activities to direct and control an organisation with regard to risk*’.³ The institution acknowledges the risks inherent in its business, and is committed to managing those risks which pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable/unacceptable by the institution will be set out in a separate risk management strategy.
- 7.2 The director body has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the institution through the development, implementation and embedding within the organisation of a formal, structured risk management process.
- 7.3 In line with this policy, the director body requires that the risk management strategy and supporting procedures include:
- the adoption of common terminology in relation to the definition of risk and risk management
 - the establishment of institution-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis
 - a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes (see above)
 - a decision on the level of risk to be covered by insurance (see 24.1)
 - detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas
 - development of risk management and contingency plans for all significant risks, to include a designated ‘risk owner’ who will be responsible and accountable for managing the risk in question
 - regular reporting to the governing body of all risks above established tolerance levels
 - an annual review of the implementation of risk management arrangements; and
 - the capability for independent verification.

³ BS ISO 31000:2009 *Risk Management: Principles and Guidelines* (BSI).

8 Whistleblowing

- 8.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party, see Appendix D) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment **or breach of the financial regulations** and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 8.2 Normally, any concern about a workplace matter at the institution should be raised with the relevant member of staff's immediate line manager or subject co-ordinator. However, the institution recognises that because of the seriousness or sensitivity of some issues, together with the knowledge of whom the member of staff thinks may be involved, may make this difficult or impossible.
- 8.3 A member of staff may, therefore, make the disclosure to a member of the Senior Leadership Team (SLT). If the member of staff does not wish to raise the matter with the designated member of the SLT, or with the Head Teacher or the chair of the governing body, it may be raised with the Chief Executive Officer or the Chief Financial Officer.
- 8.4 The full procedure for whistleblowing is set out in the institution's separate whistleblowing policy. Further details of the Public Interest Disclosure Act are set out at Appendix D.

9 Code of Conduct

- 9.1 The institution is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee) which governing body members and members of staff at all levels are expected to observe. These principles are set out at Appendix E. In addition, the institution expects that staff at all levels will observe its code of conduct,⁴ contained in its detailed financial procedures, which covers:
- probity and propriety
 - selflessness, objectivity and honesty
 - relationships.

⁴ For further information, see *The Good Governance Standard for Public Service Organisations* (CIPFA/OPM, 2004).

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

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

9.4 Receiving gifts or hospitality

The Bribery Act 2010 came into force on 1 July 2011. The Act introduced new offences for acts of bribery by individuals, or persons associated with relevant organisations. The penalties are severe for any employee convicted under the Act, which could mean a criminal record with ten years' imprisonment and unlimited fines. The institution's anti-bribery policy statement⁶ can be found on Appendix F of this document.

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

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

Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the institution would be likely to provide in return.

When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant Head Teacher or the School Business Manager. Guidance on acceptable

hospitality is contained in the detailed financial procedures. For the protection of those involved, the School Business Manager (or other designated officer) will maintain a register of gifts and hospitality received where the value is in excess of £10. Members of staff in receipt of such gifts or hospitality are obliged to notify the School Business Manager (or other designated officer) promptly.

C FINANCIAL MANAGEMENT AND CONTROL

10 Financial Planning

10.1 The School Business Manager is responsible for preparing annually a rolling three-year financial plan for approval by the governing body on the recommendation of the finance committee. Once approved by the governing body the budget should be submitted to the trust. The School Business Manager is also responsible for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans and estates strategy approved by the governing body.

10.2 Budget objectives

The governing body will, from time to time, set budget objectives for the institution. These will help the Chief Financial Officer in preparing his or her more detailed financial plans for the institution.

10.3 Resource allocation

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

10.4 Budget preparation

The School Business Manager is responsible for preparing each year an annual revenue budget and capital programme for consideration by the individual academy governing body or finance committee. The School Business Manager must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to the relevant staff in the individual academy as soon as possible following their approval by the governing body.

During the year, the School Business Manager is responsible for submitting revised budgets to the finance committee or the governing body for approval.

10.5 Capital programmes

The capital programme includes all expenditure on land, buildings, equipment,

furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the institution's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the governing body.

The Chief Financial Officer will establish protocols for the inclusion of capital projects in the capital programme for approval by the governing body. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. They are summarised at Appendix G and are shown in more detail in the financial procedures manual.

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

The Chief Financial Officer is responsible for providing regular statements concerning all capital expenditure to finance committee for monitoring purposes.

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

10.6 Other major developments including overseas activity

Any new aspect of business, or proposed establishment of a company or joint venture or overseas activity, which will require an investment in buildings, resources or staff time of more than £5,000 should be presented to the individual academies finance committee. The institution must have due regard to the relevant guidelines issued by the funding body.

The Chief Financial Officer will establish protocols for these major developments to enable them to be considered for approval by the governing body. These will set out the information that is required for each proposed development including a business plan, using a risk based approach and covering risk and accountability issues, as well as the financial criteria that they are required to meet. They are summarised at Appendix H and are shown in more detail in the financial procedures.

11 Financial Control

11.1 Budgetary control

The control of income and expenditure within an agreed budget is the responsibility of the designated Head Teacher, who must ensure that day-to-day

monitoring is undertaken effectively. Head Teachers are responsible for the income and expenditure appropriate to their budget.

Significant variances from agreed budgetary targets must be reported immediately to the Chief Financial Officer by the Head Teacher concerned and, if necessary, corrective action taken. If the total budget is forecast to be 5% or greater overspent, the Chief Financial Officer must be notified. If a budget deficit is forecast Head Teachers must inform the Chief Financial officer immediately.

11.2 Financial information

The Head Teachers are assisted in their duties by management information provided by the School Business Managers. The types of management information available to the different levels of management are described in the detailed financial procedures, together with the timing at which they can be expected.

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

11.3 Changes to the approved budget

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

- Head Teacher £5000
- Finance Committee £over 5000 to a maximum of 50,000
- Trust board £over £50,000

11.4 Virement

Where a Business Manager/Head Teacher is responsible for more than one budget, virement is permitted of up to 100% of the budget from which virement is sought, with the written approval of the Head and the Governing Body.

Virement between budgets held by different budget holders is permitted however authorisation must be agreed by the trust

The School Business Manager/ Head Teacher is responsible for submitting requests for virement of resources above 50,000 to the governing body finance committee for consideration before submission to the governing body for approval.

11.5 Treatment of year-end balances

At the year end, departmental 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.

12 Accounting Arrangements

12.1 Financial year

The institution's financial year will run from 1 September until 31st August the following year.

12.2 Basis of accounting

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

12.3 Format of the financial statements

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

12.4 Capitalisation and depreciation

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

Works of art and other valuable artefacts (heritage assets) valued over £500 are capitalised and recognised at the cost or value of the acquisition where the cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £500.00 or more. Grouped items (e.g. a suite of computers) with an individual

value of less than £500.00 but collectively worth more £500.00 are recorded on the Fixed Asset Register.

Where Assets are disposed of the trust will always seek to gain proceeds on disposal of assets.

Long leasehold land & buildings will be depreciated in line with the length of the lease.

Buildings will be depreciated over 50 years on a straight line basis.

Furniture, Fixtures and fittings will be depreciated over 5 years on a straight line basis.

ICT Equipment will be depreciated over 3 years on a straight line basis

Vehicles will be depreciated over 5 years on a reducing balance basis

12.5 Accounting records

The School Business Manager is responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities.

Prime documents include:

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

The School Business Manager will make appropriate arrangements for the retention of electronic records.

The institution is required by law to retain prime documents for six years.

Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder. Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations.

12.6 Public access

Under the terms of the financial memorandum/funding agreement, the governing body is required to supply any person with a copy of the institution's most recent financial statements within two months of a request. The Act enables the governing body to levy a reasonable fee and this will be charged at the discretion

of the Chief Financial Officer. The institution will also allow members of the public to inspect the statement of accounts during normal working hours, provide copies to local libraries and make a summary available on the institution's website.

12.7 Taxation

The School Business Manager is responsible for advising Head Teachers on all taxation issues, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to the institution. Therefore the School Business Manager will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, corporation tax and import duty.

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

13 Audit Requirements

13.1 General

External auditors and internal auditors shall have authority to:

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

The Chief Financial Officer in conjunction with the external auditors is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external bodies accordingly.

Following consideration by the finance committee, the financial statements should be reviewed by the audit committee. On the recommendation of the finance and audit committees, they will be submitted to the Trust members at the Annual General Meeting.

13.2 External audit

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

The primary role of external audit is to report on the institution's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the funding body's *Academies Financial Handbook* and the Auditing Practices Board's statements of auditing standards.

13.3 Internal audit⁶

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

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

13.4 Fraud and corruption

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

The Chief Financial Officer shall immediately invoke the fraud response plan, which incorporates the following key elements (see Appendix J for fuller details):

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

⁶ Although there is not a specific requirement for academies to appoint an internal auditor, the *Academies Financial Handbook* requires that academies have an effective process for independent checking of financial controls, transactions and risks.

suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Chief Financial Officer and/or the Chief Executive, the member of staff shall notify the chair of the finance committee direct of his or her concerns regarding irregularities.

13.5 Value for money

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

13.6 Other auditors

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

14 Treasury Management

14.1 Treasury management policy

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

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

The Chief Financial Officer will report to trusts finance committee termly in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to them.

14.2 Appointment of bankers and other professional advisers

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

14.3 Banking arrangements

The Chief Financial Officer is responsible, on behalf of the trusts finance committee, for liaising with the institution's bankers in relation to the institution's bank accounts.

Only the Chief Financial Officer may open or close a bank account for dealing with the institution's funds. All bank accounts shall be in the name of the institution or one of its subsidiary companies.

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

The Chief Financial Officer is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

15 Income

15.1 General

The Chief Financial Officer is responsible for ensuring that appropriate procedures are in operation to enable each 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 School Business Manager and Head Teacher. In relation to trust income all receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Chief Financial Officer.

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

The School Business Manager is responsible for the prompt collection, security and banking of all income received.

The School Business Manager is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the institution's accounts.

The School Business Manager is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

15.2 Maximisation of income

It is the responsibility of all staff to ensure that revenue to the institution is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. In particular, this requires the prompt notification to the School Business Manager of sums due so that collection can be initiated.

15.3 Receipt of cash, cheques and other negotiable instruments

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

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

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

Receipts by credit or debit card

The institution can receive payments by debit or credit card over the telephone or cash office counter using merchant terminals provided by the institution's banker.

These terminals support primary account number (PAN) truncation where the card number is partially obscured on the customer receipt. A copy of the receipt should be retained to support evidence of payment.

In operating this facility, the institution is bound to the Payment Card Industry Data Security Standard (PCI DSS), which is designed to ensure cardholder information is stored, processed and transmitted securely.

The Chief Financial Officer is responsible for ensuring the institution maintains PCI DSS compliance, which is monitored by the bank's merchant services unit.

Internet receipts

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

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

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

15.4 Collection of debts

The School Business Manager should ensure that:

- debtors invoices are raised promptly on official invoices, in respect of all income due to the institution
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account
- any credits granted are valid, properly authorised and completely recorded
- VAT is correctly charged where appropriate, and accounted for
- monies received are posted to the correct debtors account
- swift and effective action is taken to collect overdue debts, in accordance with the protocols noted in the financial procedures
- outstanding debts are monitored and reports prepared for management.

Only the Chief Financial Officer can implement credit arrangements and indicate the periods in which different types of invoice must be paid. These were approved by the trust finance committee on 21st April 2015. Any subsequent changes must be submitted to the trusts finance committee for approval.

Requests to write off debts in excess of £100 must be referred in writing to the Chief Financial Officer for submission to the trusts finance committee for consideration. Debts below this level may be written off with the permission of the individual academies Head Teacher/Governing Body.

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

15.5 Student fees

The procedures for collecting tuition and residence fees must be approved by the School Business Manager. He or she is responsible for ensuring that all student fees due to the institution are received.

Any student who has not paid an account for fees or any other item owing to the institution shall be prevented from re-enrolling at the institution and from using

any of the institution's facilities unless appropriate arrangements have been made.

15.6 Refunds

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

15.7 Student loans

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

15.8 Emergency/hardship loans

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

The School Business Manager is responsible for ensuring the adequacy of the systems in place for:

- approving loans in accordance with the scheme
- paying loans that have been approved
- recovering loans that have been paid.

16 Other Income-generating Activity

16.1 Private consultancies and other paid work

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

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

institutional duties of the member(s) of staff concerned.

16.2 Short courses and services rendered

In this context a short course⁷ is any course that does not form part of the award-bearing teaching load of the department.

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

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

16.4 European Union and other 'match funding'

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

Individual applications for funds in excess of £5,000 shall be the subject of a report by the Head Teacher to the individual academy governing body which will set out, among other things, the potential risks generated by the project.

If the institution sub-contracts such work to external providers, the relevant Head Teacher shall ensure that:

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

16.5 Profitability and recovery of overheads

All other income-generating activities must be self-financing or surplus generating unless it is intended that a new course be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the Head Teacher and the School Business Manager

Other income-generating activities organised by members of staff must be costed and agreed with the School Business Manager before any commitments are made. Provision must be made for charging both direct and indirect costs in

⁷ Institutions may need to consider their own definition of 'short course'.

accordance with the institution's costing and pricing policy, in particular for the recovery of overheads.

16.6 Deficits

Any unplanned deficits incurred on other income-generating activities will be a charge to the individual academy.

16.7 Additional contributions to departments

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

16.8 Additional payments to staff

Any proposal which involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the Head Teacher and in the case of the Head Teacher the governing body of the individual academy.

17 Intellectual Property Rights and Patents

17.1 General

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

17.2 Patents

The trusts finance committee is responsible for establishing procedures to deal with any patents accruing to the institution from inventions and discoveries made by staff in the course of their research.

17.3 Intellectual property rights

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

18 Expenditure

18.1 General

The School Business Manager is responsible for making payments to suppliers of goods and services to the institution.

18.2 Scheme of delegation/financial authorities

The Head Teacher is responsible for purchases within his or her academy. Purchasing authority may be delegated to named individuals within the academy.

In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures.

The School Business Manager shall maintain a register of authorised signatories with specimen signatures of those authorised to certify invoices for payment (for paper-based systems).

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

Any changes to the authorities to commit expenditure must be notified to the Chief Financial Officer immediately.

Budget holders are not authorised to commit the institution to expenditure without first reserving sufficient funds to meet the purchase cost. The school business manager must ensure sufficient funds are available and a purchase order must be raised where possible to commit expenditure

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

Expenditure on items in excess of £5,000 shall require the approval of the individual academy finance committee.

18.3 Procurement

The institution requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability and equality legislation, and in accordance with sound business practice, taking into account framework agreements as appropriate. Factors to be considered in determining lowest cost are noted in the financial procedures.

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

- ensure that the institution's purchasing policy is known and observed by all involved in purchasing for the institution
- provide advice on matters of institution purchasing policy and practice
- provide advice to and assist departments where required on specific departmental purchases
- develop appropriate standing supply arrangements on behalf of the institution to assist budget holders in meeting their value for money obligations

- check all orders above £2,000 before they are issued to suppliers.
- draft and negotiate all large-scale purchase contracts (generally in excess of £5,000) undertaken by the institution, in collaboration with the responsible department
- ensure that the institution complies with European Union regulations on public purchasing policy.

18.4 Purchase orders

The ordering of goods and services shall be in accordance with the institution's detailed financial procedures/purchasing policies. Official institution orders must be placed for the purchase of all goods or services, except those made using purchasing cards, company credit cards or petty cash. In exceptional circumstances, urgent orders may be given orally but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.

Governing bodies must ensure that they are able to demonstrate that in the spending of their budgets they have obtained value for money and adhered to best value principles. In relation to placing orders for works services, this requirement shall be fulfilled by the following actions:-

For orders estimated to cost up to £5,000 – a general duty to test the market and obtain the most cost effective deal for the academy.

For orders estimated to cost between £5,000 and £20,000 individual academies shall obtain oral or written quotations from a minimum of three suitable contractors.

For orders estimated to cost between £20,000 and £50,000 schools shall obtain written tenders from a minimum of three suitable contractors. The tenders shall be returnable to the Head Teacher who shall open them in the presence of another senior member of staff or Chair of Governors.

For orders estimated to cost in excess of £50,000 – academies shall obtain tenders from a minimum of three contractors. The tenders shall be returnable to the Head Teacher and shall be opened by the chairperson or vice chairperson of the governing body in the presence of the Head Teacher and another member of the school staff

Tenders received for any Capital works estimated to cost in excess of £50,000 must be delivered to Diocesan Church House in a sealed envelope. Tenders must be opened in the presence of the Chief Finance Officer, the Trust Building Manager and a representative of the landlord on behalf of The Diocese of Sheffield.

For the purpose of compliance with this regulation orders must not be artificially subdivided.

When transferring monies between academies official documentation must be retained.

It is the responsibility of the Chief Financial Officer (through the institution's purchasing officer) to ensure that all purchase orders refer to the institution's conditions of contract (see 20.8 and Appendix K).

18.5 Purchasing cards, credit and debit cards

The operation and control of the institution's purchasing cards, credit and debit cards are the responsibility of the Chief Financial Officer. There will be appropriate oversight of the distribution of such cards and the associated card limits.

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

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

18.6 Tenders and quotations

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

- under £5,000 – the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained
- from £5,000 to £20,000 – the School Business Manager shall be required to

obtain at least three quotations

- from £20,000 to £50,000 – the School Business Manager shall arrange for at least three written quotations to be obtained
- over £50,000 – all items will require three competitive tenders
- the award of contracts over £50,000 shall be reported to the trusts finance committee.

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

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

18.7 Post-tender negotiations

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

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

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

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

All post-tender negotiations should be reported to the finance committee.

18.8 Contracts

Building contracts are the responsibility of the trust's finance committee and are administered by the institution's Chief Executive Officer.

Proposals will normally be initiated by the academies in respect of planned replacements, general improvement schemes, or space planning.

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

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the schools business manager as appropriate for

academy governing body consideration. Investment appraisals should comply with appropriate funding body guidance.

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

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

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

18.9 EU regulations

The School Business Manager is responsible for ensuring the institution complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The School Business Manager will advise Head Teachers on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

It is the responsibility of Head Teachers to ensure that their members of staff comply with EU regulations by notifying the School Business Manager of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as OJEU.

The School Business Manager is also required annually to submit to the funding body details on expenditure which exceeds the threshold. Copies of the relevant documentation falling into this category must be provided by Head Teachers to the School Business Manager.

18.10 Receipt of goods

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

All goods received shall be recorded on the day of receipt. If the goods are deemed to be unsatisfactory the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as

possible. Where goods are short on delivery the record should be marked accordingly and the supplier immediately notified.

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

18.11 Payment of invoices

The procedures for making all payments shall be in a form specified by the Chief Financial Officer.

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

Heads Teachers are responsible for ensuring that expenditure within their Academies does not exceed funds available.

Suppliers should be instructed by the Schools Business Managers to submit invoices for goods or services to the individual academy.

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

Payments will only be made by the School Business Manager against invoices that can be matched to a receipted order or have been certified for payment by the appropriate budget holder.

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

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

18.12 Staff reimbursement

The institution's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasions, staff may

incur expenses, most often in relation to travel, and are entitled to reimbursement (see 21.5).

Where such purchases by staff are planned, the School Business Manager and the relevant Head Teacher may jointly approve cash advances to staff who are going to incur expenditure on the institution's behalf. Upon completion of the travel or project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

18.13 Petty cash

All items purchased using petty cash must be supported by receipts or vouchers where available.

The School Business Manager shall make available to departments 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.

Requisitions for reimbursements must be sent to the School Business Manager, 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.

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 institution's insurers when not in use and will be subject to periodic checks by the Head Teacher or another person nominated by him or her.

Standard institution petty cash books are supplied by the School Business Manager and must be used for recording all imprest accounts.

At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter-signed by a member of the Senior Leadership Team

18.14 Other payments

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the School Business Manager, supported by detailed claims approved by the head of department.

Individual payments under 'outward collaborative provision' contracts shall be authorised by the Chief Financial Officer. This authority shall be on the basis that

the payment represents a bona fide element of the contract which has been approved under a scheme set out by the trusts finance committee.

18.15 Late payment rules

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

- small businesses can charge interest on overdue invoices
- interest is chargeable on sales made after 1 November 1998
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of England
- the Act also applies to overseas organisations
- the institution can be sued for non-payment.

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

18.16 Project advances

The School Business Manager and the relevant Head Teacher may jointly approve cash advances for projects carried out away from the institution where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or an institution credit card.

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

18.17 Giving hospitality

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

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

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

18.18 Telecoms

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

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

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

18.19 Provision of clothing

Where clothing is provided to employees whose duties require them to wear a uniform, that clothing must bear an institution logo. The logo must be permanent and clearly identify the wearer as a member of staff.

18.20 Payments to volunteers

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

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

19 Pay Expenditure

19.1 Remuneration policy

All institution 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 human resources provider.

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

Salaries and other benefits for senior management will be determined by the finance and staffing committee set up by the individual academies governing body and/or the Trust board where applicable.

19.2 Appointment of staff

All contracts of service shall be concluded in accordance with the institution's approved human resources practices and procedures and all offers of employment with the institution shall be made in writing by human resources.

Head Teachers shall ensure that the School Business Managers and human resources providers are provided promptly with all the information they may require in connection with the appointment, resignation or dismissal of employees.

19.3 Salaries and wages

The School Business Manager is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered via the individual academies payroll provider. All time sheets and other pay documents, including those relating to fees payable to external examiners, visiting teachers or researchers, will be in a form prescribed or approved by the School Business Manager/payroll provider.

The human resources provider will be responsible for keeping the School Business Manager informed of all matters relating to human resources for payroll purposes. In particular these include:

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

The School Business Manager is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

The School Business Manager shall be responsible for keeping all records relating to payroll including those of a statutory nature.

All payments must be made in accordance with the institution's detailed payroll financial procedures and comply with HM Revenue & Customs regulations. Staff should be aware that the institution could incur penalties for non-compliance with such regulations.⁸

⁸ Where there are requests to make a one-off or occasional payment to sport referees or people delivering enrichment activities in a school or an academy, these individuals may present themselves as self-employed or just claiming a nominal fee. While it is good practice to ensure that the individual signs a statement to confirm that they are declaring their own taxation and national insurance, if appropriate, it remains the responsibility of the employer to ensure that the correct employment status is applied.

19.4 Superannuation schemes

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

The School Business Manager is responsible for day-to-day superannuation matters via the payroll provider. These include:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes
- administering the institution's pension fund.

The human resources provider is responsible for administering eligibility to pension arrangements and for informing the School Business Manager when deductions should begin or cease for staff.

19.5 Expenses and allowances

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

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

Travel, subsistence and other allowances

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed on the online HR portal.

Claims by members of staff must be authorised by their Head Teacher or Business Manager. The certification by the Head Teacher or Business Manager shall be taken to mean that:

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

Arrangements for travel by the principal or members of the governing body shall be approved by the chair of the governing body. Arrangements for travel by the chair shall be approved by finance committee.

19.7 School trips

In academies, members of staff must, wherever possible ensure that charges/funds available for taking students on school trips cover the costs of those trips. See the charges remissions policy, Appendix N.

19.8 Allowances for members of the governing body

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

19.9 Severance and other non-recurring payments

Severance payments shall only be made in accordance with relevant legislation and funding body guidance and under a scheme approved by the governing body through the finance committee. Professional advice should be obtained where necessary. No amounts shall be expended which exceed the budget allocated for the purpose. All such payments shall be authorised by the Head Teacher and calculations checked by the human resources provider or the School Business Manager. Any individual amounts which do not fall within the parameters above or are in excess of £5,000 require approval by the individual academy finance committee. In exceptional circumstances this approval may be given by the chair of the human resources committee and the chair of the planning and resources committee in consultation with the principal, to be reported to the next meeting of the relevant committee. Amounts paid should be declared in the financial statements. In line with the Academies Financial Handbook where the trust is considering a non-statutory/non-contractual payment of £50,000 or more, (gross, before deductions), ESFA's prior approval must be obtained before the trust makes any binding settlement offer to staff. ESFA will also need to refer such transactions to HM Treasury and so trusts should allow sufficient time for proposals to be considered.

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

20 Assets

20.1 Land, buildings, fixed plant and machinery

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

20.2 Fixed asset register

The School Business Manager is responsible for maintaining the institution's register of land, buildings, fixed plant and machinery. Head Teachers will provide the School Business Manager with any information he or she may need to maintain the register.

20.3 Inventories

School Business Managers are responsible for maintaining inventories, in a form prescribed by the Chief Financial Officer, for all plant, equipment, furniture and stores in their departments with a value in excess of £100. The inventory must include items donated or held on trust.

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

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

20.4 Stocks and stores

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

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

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

20.5 Safeguarding assets

Head Teachers are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control. They will consult the School Business Manager in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

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

20.6 Personal use

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

20.7 Asset disposal

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

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

20.8 All other assets

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

21 Funds Held on Trust

21.1 General

The Chief Financial Officer is responsible for ensuring that incoming funds are properly classified and designated as appropriate.

21.2 Gifts, benefactions and donations

The School Business Manager is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the institution and initiating claims for recovery of tax where appropriate.

21.3 Student welfare and access funds

The School Business Manager will prescribe the format for recording the use of student welfare funds.

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

21.4 Trust funds

The Chief Financial Officer is responsible for maintaining a record of the requirements for each trust fund and for advising the trust finance committee on the control and investment of fund balances.

The trust finance committee is responsible for ensuring that all the institution's trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

21.5 Trust Budget Income

The trust deducts 2.58% from each of the individual academies budgets. Only the General Annual Grant is top sliced. Pupil Premium, Rates Relief and PE and Sports Grant are not top sliced. Therefore, the individual academies retain 100% of the funding allocated by the EFSA within their budget.

21.6 Managing the Trust Budget

The trust budget is managed by the trust Finance Director. The budget will be approved by the Trust in July of each year along with the individual academy budgets. The Finance Director has responsibility for operating the finance system through which the Trust budget is operated. Any significant variances to budget will be reported to Trustees through the budget monitoring system.

21.7 Decisions on Utilisation of Funds

For all major expenditure from the trust budget the spending of funds within the Trust budget are discussed at Trust meetings and then subsequently actioned by the Finance Director. Minor spending from the Trust budget is at the discretion of the Finance Director

21.8 Surplus Funds

Any surplus funds from the previous financial year budget will be carried forward into future years to fund current year expenditure.

21.9 Central Services

The Trust budget is used to fund a number of central services. These include:

- Accounting and Audit services.
- The responsible officer role.
- Legal services
- Data Analysis
- Governor Training
- Building Management

- HR & Payroll
- Risk Management & Admissions
- Audit of Teachers Pension Certificate

21.10 Voluntary funds

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

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

21.6 Donation of equity shares

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

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

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

All share certificates should be held in the safe.

22 Other

22.1 Insurance

The School Business Manager is responsible for the institution's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy (see paragraphs 8.1 to 8.4), all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities such as terrorism and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the finance committee annually.

The School Business Manager is responsible for effecting insurance cover as determined by the finance committee. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The School Business Manager will keep a register of all insurances effected by the

institution and the property and risks covered. He or she will also deal with the institution's insurers and advisers about specific insurance problems.

Head Teachers must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the institution may be exposed. The School Business Manager advice should be sought to ensure that this is the case. Head Teachers must give prompt notification to the School Business Manager of any potential new risks, additional property and equipment that may require insurance and any alterations affecting existing risks. Head Teacher must advise the School Business Manager, immediately, of any event that may give rise to an insurance claim. The School Business Manager will notify the institution's insurers and, if appropriate, prepare a claim in conjunction with the Head Teacher for transmission to the insurers

All Academies within The Diocese of Sheffield Academies Trust must use the risk pooling arrangement (RPA) for insurance cover.

The School Business Manager is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

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

22.2 Security

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

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

The School Business Manager is responsible for the safekeeping of official and legal documents relating to the institution. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Chief Executive Officer. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

22.3 Use of the institution's seal

Where a deed or document requires the institution's seal, it must be sealed by the registrar or, in his or her absence, the Chief Financial Officer, in the presence of a member of the governing body.

The registrar is responsible for submitting a report to each meeting of the governing body detailing the use of the institution's seal since the last meeting.

22.4 Provision of indemnities

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

Any surplus funds from the previous financial year budget will be carried forward into future years to fund current year expenditure.

26 Appendices

Appendix A	Committee Structure
Appendix B	Responsibilities of the Finance Committee/Audit Committee
Appendix C	Key Contacts in the Finance Department
Appendix D	Main Features of the Public Interest Disclosure Act
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Approved at Trust Meeting : 21.04.15

Appendices approved at Trust Meeting 18.05.15.

Appendix A – Committee Structure

Name	Role
Huw Thomas	Accounting Officer
Jim Dugmore	Director
Mark Wheeler	Director
Nevine Towers	Finance Director
Yvette Hawksworth	Director
Andrew Waldron	Director
Nick Kieghtley	Director

Appendix B: Responsibilities of The Finance/Audit Committee

Membership	
Name of Director	Date Appointed to the Committee
Huw Thomas	
Jim Dugmore	
Mark Wheeler	
Nevine Towers	
Yvette Hawksworth	
Andrew Waldron	
Nick Kieghtley	

Chair of the Committee	Huw Thomas
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Clerk to the Committee	Karen Colley
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Meetings	Once every half term
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Quorum	Minimum of ????
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Premises Terms of Reference
<ul style="list-style-type: none"> • To support the aims and ethos of the Trust, focussing on the quality and extent of the provision of premises and equipment • To advise the governing body on strategic priorities for the maintenance and development of the school's premises and grounds, security and Health and Safety, for inclusion in the Developing Excellence/School Improvement Plan • To establish and implement a repairs and maintenance programme, within the budget established by the governing body, and in accordance with the priorities within the Developing Excellence/School Improvement Plan • To review on an annual basis the school's Health and Safety policy, and approve any amendments as necessary • To ensure that the school complies with Health and Safety regulations, in accordance with the Health and Safety policy • To review on an annual basis the school's Lettings policy for use of school premises outside school hours and determine the level of charges for such lettings • To establish, and keep under review, an Accessibility Plan, which meets the requirements of the Disability Discrimination Act 1995 to oversee the preparation and implementation of appropriate contracts, including the cleaning, grounds maintenance and school meals** and ensure Best Value principles are applied • To monitor the quality of service provided by the above in accordance with the agreed contracts • To ensure that premises insurance arrangements are adequate

Finance Terms of Reference

- To ensure the proper and efficient management of all money available to the Trust, in accordance with the Trust's Financial Regulations and Standing Orders
- To ensure that a financial management policy relating to financial decision-making and administration is produced, defining the respective responsibilities of the Trust and the Finance committee,
- To review the financial management policy on an annual basis and recommend to the Trust any amendments it considers necessary
- To participate in Trust self-evaluation activities of financial performance/controls
- To develop a 3 year strategic financial plan within the context of the Trust's aims and ethos, and to review this on an annual basis
- To receive the outcomes of financial audit reviews of the Academies and report back to the Trust on any action taken in response to their findings
- To determine, on an annual basis, the nature and level of central services purchased by the Trust and other providers/ service level agreements
- To ensure value for money in relation to the purchase of any goods and services in accordance with Financial Regulations, as follows:
 - For orders up to £5000, to test the market and obtain the most cost effective deal for the school
 - For orders between £3000 and £20000, obtain oral or written quotations from a minimum of 3 contractors
 - For orders between £20000 and £50000, obtain written tenders from a minimum of 3 suitable contractors.

except in exceptional circumstances, where it is inappropriate to seek quotations or tenders from 2 or 3 suppliers, the committee will seek permission from the Accounting Officer/CEO

- To consider annual financial benchmarking information and discuss any issues raised by this
- To consider, amend if appropriate, and agree the first formal budget plan of the financial year for each academy, ensuring that the priorities within the Developing Excellence/School Improvement Plan are reflected within the budget
- To monitor expenditure against the agreed budget by examining budget profile statements on a termly basis, and report any significant anomalies to the Trust/Finance Committee
- To consider and make decisions about pay, following recommendations as appropriate, in accordance with the Performance Management and Pay policy
- To monitor virements to the Academy budget headings made by the head teacher within the limit set by the Trust's financial management policy
- To consider and, where appropriate, approve virements in excess of the limit available to the head teacher in accordance with the Trust's financial management policy
- To consider and, where appropriate, approve purchases of items in excess of the limit available to the head teacher in accordance with the Trust's financial management policy
- To consider, and approve where appropriate, the purchase of any joint insurance above that provided by the EFA
- To appoint independent auditors to all voluntary school fund accounts, and ensure that audits are undertaken on an annual basis
- To receive and approve the audited accounts, the auditor's certificate and a written report on the accounts by the 31st December each year.
- To review and approve the following policies in accordance with the Financial Procedures/Regulations
 - Committee Structure
 - Responsibilities of the Finance Committee
 - Audit Committee Duties
 - Finance Department Organisational Structure
 - Main Features of the Public Interest Disclosure Act
 - The Seven Principles of Public Life
 - Anti-Bribery Policy and Procedures
 - Protocols for Proposed Capital Expenditure
 - Protocols for Proposed Major Developments
 - Internal Audit Responsibilities
- Fraud Policy statement, procedures, response plan and investigation
- To consider and respond, on behalf of the Trust, to any consultation papers that fall within the remit of the committee

Staffing Terms of Reference

- To support the aims and ethos of the Academies, focusing on the quality and needs of all staff employed by the Academies,

Individual Academies are responsible for:

- Ensuring an appropriate system is in place in respect of vetting and statutory checks on staff, volunteers and other persons as appropriate,
- To have oversight for all matters relating to Workforce Remodelling that are not specifically covered within the remit of any other committee
- To establish and keep under review appropriate policies/procedures including:
 - staff Grievance policy (statutory)
 - staff Discipline policy (statutory)
 - staff Capability procedure (statutory)
 - Dismissal and Redundancy procedures (statutory)
 - Equal Opportunities policy (statutory)
 - Complaints procedure (statutory)
 - Policy for dealing with allegations of abuse against staff (statutory)
 - CPD policy (best practice)

Appeals

- The Trust will consider any appeals against the decision of the head teacher and Governing Body, in accordance with the appropriate personnel policy/procedure above,
- To consider parental complaints in accordance with the agreed Complaints procedures,

General

- To encourage the attendance of directors on relevant training courses to increase their knowledge as appropriate;

NB:

The committee is responsible for ensuring that audited academy funds are administered correctly, via the appointment of independent auditors, and ensuring that an annual audit is undertaken and reported to the committee.

The Trust is recommended to delegate to the head teacher the responsibility for appointing all staff below the level of the leadership team. The selection panels of all posts within the leadership team should be drawn from the membership of the full governing body plus at least one Trust member to ensure a wide range of skills and experience are available.

Document/Policy	Frequency	Date Last Reviewed	Statutory
Premises			
Accessibility Plan	3 Years		✓
Safeguarding/Health and Safety Policy (in conjunction with the Premises Man. Document)	1 Year		✓

Document/Policy	Frequency	Date Last Reviewed	Statutory
Finance & Staffing			
Teacher Appraisal Policy			✓
Teachers' Pay Policy			✓
Central Record of Recruitment & Vetting Checks	Live Docum.		✓
Governors' Allowances (Schemes for paying)			✓
Staff Discipline, Conduct & Grievance (Procedure for addressing)			✓
Statement of Procedures for Dealing with Allegations of Abuse Against Staff			✓
Freedom of Information Publication Scheme			✓
Capability of Staff			✓
School Information Published on the Website	Live Docum.		✓
Data Protection	Every 2 Years		✓
Pupil Premium	Annually		✓
Approve the Trust's Budget	Annually		For Audit
Approve the Trust's Revised Budget			
Financial Management and Governance Self-Assessment	Annually		For Audit
Financial Procedures/Regulations <ul style="list-style-type: none"> - Committee Structure - Responsibilities of the Finance Committee - Audit Committee Duties - Finance Department Organisational Structure - Main Features of the Public Interest Disclosure Act - The Seven Principles of Public Life - Anti-Bribery Policy and Procedures - Protocols for Proposed Capital Expenditure - Protocols for Proposed Major Developments - Internal Audit Responsibilities - Fraud Policy statement, procedures, response plan and investigation 	Annually		For Audit
Lettings Policy/Charges	Annually		For Audit
Review & Agree SLA's for the Trust	Annually		For Audit
Best Value Statement	Annually		For Audit
Statement of Internal Control	Annually		For Audit
Review Initial Academies Budgets	Annually		For Audit
Approve Initial School Budget	Annually		For Audit
Financial Outturn for the Trust	Annually		For Audit
Report on the Financial Outturn for the Academies	Annually		For Audit
Hospitality Policy			
Budget Monitoring/Cash Flow Forecast Report for the Academies			
Internal Audit Reports for the Academies			

Date Terms of Reference Agreed by the Finance Committee	
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Date Terms of Reference Last Reviewed by the Trust	
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Appendix C: Key Contacts in the Finance Department

Introduction

1. The finance department is located at Church House, Effingham Street, Rotherham, with a School Business Manager at each Academy. The Academies are Aston C of E, Emmanuel Junior Academy, Flanderwell Primary Academy, Rossington St Michaels Primary Academy, St Mary's Primary Academy, St Thomas Primary Academy, Thrybergh Fullerton Primary Academy, Treeton Primary Academy, Trinity Croft Primary Academy, Wickersley St Albans Primary Academy.
2. To obtain maximum benefit from the finance department, it is important to observe the published deadlines. The deadlines have been established in order to guarantee the delivery of particular services which might not otherwise be achievable.

Duties undertaken by the School Business Manager

School Business Managers cover the following functions.

3. Creditor payments. The school business manager pays all sums owed by the Academy including payroll items. Payments are made mainly to suppliers of goods and services.
4. Collection of income. All income due to the Academy must be banked through the School Business Manager. Payments are received by BACS, cheque and cash and will be paid in sterling. Instalment facilities are available for some categories of student in relation to their school visits. Overdue debts are pursued in consultation with departments and, where appropriate, court action is taken.
5. Payroll. The Trust's individual Academies payroll is managed by an independent payroll provider, which is accessed by the School Business Manager. All standing data and adjustments are effected through the academy School Business Manager, who is also responsible for submission of all PAYE and pension scheme returns via the external payroll provider.

Financial Accounting

8. Many of the functions under this heading will not directly affect departments. They include maintenance of the accounting system, preparation of final and other accounts, tax returns, etc. Another such function relates to treasury management, which encompasses borrowing and lending, cash flow forecasting and management of the bank accounts. There are, however, several services which are for the specific benefit of users.
9. Insurance. All aspects of insurance cover and claims are handled by the Schools Business Manager. Prompt notification to the School Business Manager of all losses, by the use of the appropriate form, is essential if claims are to be processed effectively. Failure to notify the police in cases of theft or criminal damage can invalidate cover.
10. Use of system. Advice and training may be provided for users to access and use the data held in the accounting system.
11. Major capital projects. Assistance may be provided with the preparation of bids for funding; investment appraisals and monitoring of schemes are all included within the service. It is mandatory for the negotiation of funding packages to be carried out by the School Business Manager.

Management Accounting

12. Much of the work in this area is at Trust level. This includes compilation of the detailed annual budget and production of comparative statistical data. The Finance Director must also provide regular monitoring statements and financial advice to the Trust and its committees.
13. Budget monitoring. At individual academy level, detailed management accounts are produced indicating performance against budget. In accordance with strict procedures, budgets may be updated and users informed accordingly.
14. Budget planning. Advice is available for all School Business Managers for the purpose of the preparation of their business plans.

Purchasing

15. The procurement function is generally devolved, with authority to purchase granted to School Business Managers within the threshold framework stipulated in the financial regulations.
16. Contract development. School Business Managers have devolved responsibility for contract management , appraisal and approval
17. Tender process. The tender process is set out in the financial regulations and should be adhered to, the European procurement directive and purchasing limits should also be followed.
18. Low-value purchasing. A purchasing card system for the procurement of low-value goods/services is in operation. The School Business Manager controls the operation of this system.

Appendix D: Main features of the Public Interest Disclosure Act 1998

Summary

The Act came into force on 2 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 HM Revenue and Customs, where the whistleblower has a reasonable belief that the information and their allegation(s) are substantially true.

Wider Disclosures

Wider disclosures (for example, 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
- 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 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 whistleblowing.

Qualifying Areas

The qualifying areas consist of information that the employee reasonably believes tends 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 E: **THE SEVEN PRINCIPLES OF PUBLIC LIFE**

We as a Trust try to adhere to these principles in all our processes

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 might 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 the decisions and 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.

Source: *Standards in Public Life: First Report of the Committee on Standards in Public Life* (the Nolan Committee), 1995

Appendix F – MODEL ANTI-BRIBERY POLICY AND PROCEDURES

POLICY STATEMENT – ANTI-BRIBERY

Bribery is a criminal offence. We do not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor do we, or will we, accept bribes or improper inducements.

To use a third party as a conduit to channel bribes to others is a criminal offence. We do not, and will not, engage indirectly in or otherwise encourage bribery.

We are committed to the prevention, deterrence and detection of bribery. We have zero-tolerance towards bribery. We aim to maintain anti-bribery compliance 'business as usual', rather than as a one-off exercise.

OBJECTIVE OF THIS POLICY

This policy provides a coherent and consistent framework to enable the organisation's employees to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable employees to identify and effectively report a potential breach.

We require that all personnel, including those permanently employed, temporary agency staff and contractors:

- act honestly and with integrity at all times and to safeguard the organisation's resources for which they are responsible
- comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the organisation operates, in respect of the lawful and responsible conduct of activities.

SCOPE OF THIS POLICY

This policy applies to all of the organisation's activities. For partners, joint ventures and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.

Within the organisation, the responsibility to control the risk of bribery occurring resides at all levels of the organisation. It does not rest solely within assurance functions, but in all business units and corporate functions.

This policy covers all personnel, including all levels and grades, those permanently employed, temporary agency staff, contractors, non-executives, agents, members (including independent members), volunteers and consultants.

THIS ORGANISATION'S COMMITMENT TO ACTION

This organisation commits to:

- setting out a clear anti-bribery policy and keeping it up to date
- making all employees aware of their responsibilities to adhere strictly to this policy at all times

- training all employees so that they can recognise and avoid the use of bribery by themselves and others
- encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately
- rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution
- taking firm and vigorous action against any individual(s) involved in bribery
- provide information to all employees to report breaches and suspected breaches of this policy
- include appropriate clauses in contracts to prevent bribery.

BRIBERY

Is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

THE BRIBERY ACT

There are four key offences under the Act:

- bribery of another person (section 1)
- accepting a bribe (section 2)
- bribing a foreign official (section 6)
- failing to prevent bribery (section 7).

The Bribery Act 2010 (www.opsi.gov.uk/acts/acts2010/ukpga_20100023_en_1) makes it an offence to offer, promise or give a bribe (Section 1). It also makes it an offence to request, agree to receive, or accept a bribe (Section 2). Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business. There is also a corporate offence under Section 7 of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by or of persons associated with the organisation.

ARE WE A 'COMMERCIAL ORGANISATION'?

The guidance states that a 'commercial organisation' is any body formed in the United Kingdom and *'...it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made'*.

We are a 'commercial organisation'.

WHAT ARE 'ADEQUATE PROCEDURES'?

Whether the procedures are adequate will ultimately be a matter for the courts to decide on a case-by-case basis. Adequate procedures need to be applied proportionately, based on the level of risk of bribery in the organisation. It is for individual organisations to determine proportionate procedures in the recommended areas of six principles. These principles are not prescriptive.

They are intended to be flexible and outcome focused, allowing the different circumstances of organisations. Small organisations will, for example, face different challenges to those faced by large multi-national enterprises. The detail of how organisations apply these principles will vary, but the outcome should always be robust and effective anti-bribery procedures.

Proportionate procedures

An organisation's procedures to prevent bribery by persons associated with it are proportionate to the bribery risks it faces and to the nature, scale and complexity of the organisation's activities. They are also clear, practical, accessible, effectively implemented and enforced.

Top-level commitment

The top-level management (be it a board of directors, the owners or any other equivalent body or person) are committed to preventing bribery by persons associated with it. They foster a culture within the organisation in which bribery is never acceptable.

Risk assessment

The organisation assesses the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment is periodic, informed and documented. It includes financial risks but also other risks such as reputational damage.

Due diligence

The organisation applies due diligence procedures, taking a proportionate and risk based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified bribery risks.

Communication (including training)

The organisation seeks to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication, including training that is proportionate to the risks it faces.

Monitoring and review

The organisation monitors and reviews procedures designed to prevent bribery by persons associated with it and makes improvements where necessary.

This organisation is committed to proportional implementation of these principles.

PENALTIES

An individual guilty of an offence under sections 1, 2 or 6 is liable:

- on conviction in a magistrates court, to imprisonment for a maximum term of 12 months (six months in Northern Ireland), or to a fine not exceeding £5,000, or to both
- on conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both.

Organisations are liable for these fines and if guilty of an offence under section 7 are liable to an unlimited fine

BRIBERY IS NOT TOLERATED

It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to 'facilitate' or expedite a routine procedure
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy
- engage in activity in breach of this policy.

FACILITATION PAYMENTS

Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

GIFTS AND HOSPITALITY

This policy is not meant to change the requirements of our gifts and hospitality policy. This makes it clear that:

- no gift or hospitality is to be offered or accepted
- nominal gifts and hospitality up to a financial value of £30 are acceptable
- reasonable, proportionate gifts and hospitality made in good faith and that are not lavish are acceptable.

PUBLIC CONTRACTS AND FAILURE TO PREVENT BRIBERY

Under the Public Contracts Regulations 2006 (which gives effect to EU law in the UK), a company is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence. There are no plans to amend the 2006 Regulations for this to include the crime of failure to prevent bribery. Organisations that are convicted of failing to prevent bribery are not

automatically barred from participating in tenders for public contracts. This organisation has the discretion to exclude organisations convicted of this offence.

STAFF RESPONSIBILITIES

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the organisation or under its control. All staff are required to avoid activity that breaches this policy.

You must:

- ensure that you read, understand and comply with this policy
- raise concerns as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.

As well as the possibility of civil and criminal prosecution, staff that breach this policy will face disciplinary action, which could result in dismissal for gross misconduct. If the Head Teacher is suspected of breaking this policy this should be reported to the Chair of Governors

RAISING A CONCERN

This organisation is committed to ensuring that all of us have a safe, reliable, and confidential way of reporting any suspicious activity. We want each and every member of staff to know how they can raise concerns.

We all have a responsibility to help detect, prevent and report instances of bribery. If you have a concern regarding a suspected instance of bribery or corruption, please speak up – your information and assistance will help. The sooner you act, the sooner it can be resolved.

There are multiple channels to help you raise concerns. Please refer to the whistleblowing policy and determine your favoured course of action. Preferably the disclosure will be made and resolved internally (e.g. to your head of department/Head Teacher). Secondly, where internal disclosure proves inappropriate, concerns can be raised with the regulator (e.g. external auditor. See link to 'blowing the whistle to a prescribed person' at the end of this document). Raising concerns in these ways may be more likely to be considered reasonable than making disclosures publicly (e.g. to the media).

Concerns can be anonymous. In the event that an incident of bribery, corruption, or wrongdoing is reported, we will act as soon as possible to evaluate the situation. We have clearly defined procedures for investigating fraud, misconduct and non-compliance issues and these will be followed in any investigation of this kind. This is easier and quicker if concerns raised are not anonymous.

Staff who refuse to accept or offer a bribe, or those who raise concerns or report wrongdoing can understandably be worried about the repercussions. We aim to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken.

We are committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in good faith.

OTHER RELEVANT POLICIES

Fraud and corruption policy

Anti-money-laundering policy

Whistleblowing policy

Gifts and hospitality policy

USEFUL LINKS

CIPFA Better Governance Forum www.cipfanetworks.net/governance

Bribery Act 2010 www.legislation.gov.uk/ukpga/2010/23/contents

Bribery Act Guidance

www.cipfanetworks.net/fileupload/upload/briberyact2010guidance142011261754.pdf

Bribery Act Quick Start Guide

www.cipfanetworks.net/fileupload/upload/briberyact2010quickstartguide142011271739.pdf

Joint Prosecution Guidance of the Director of the Serious Fraud Office and the Director of Public Prosecutions

www.cipfanetworks.net/fileupload/upload/BRIBERY%20ACT%202010%20JOINT%20PROSECUTION%20GUIDANCE142011281730.pdf

National Fraud Authority www.gov.uk/government/organisations/national-fraud-authority

Transparency International UK www.transparency.org.uk

Public Concern at Work www.pcaw.org.uk

Department for Work & Pensions (*Blowing the Whistle to a Prescribed Person*)

www.gov.uk/government/publications/blowing-the-whistle-to-a-prescribed-person

Appendix G - Summary of Protocols For Proposed Capital Expenditure

Proposed capital projects should be supported by:

- a statement which demonstrates the project's consistency with the strategic plans and estates strategy approved by the governing body
- an initial budget for the project for submission to the individual Academy finance committee; the budget should include a breakdown of costs including professional fees, VAT and funding sources
- a financial evaluation of the plans together with their impact on revenue, plus advice on the impact of alternative plans
- an investment appraisal in an approved format which complies with funding body guidance on option and investment appraisal
- a demonstration of compliance with normal tendering procedures and funding body regulations – this will require careful consideration where partnership arrangements are in place)
- a cash flow forecast

More detail on these protocols can be found in the institution's financial procedures

Appendix H - Summary of Protocols For Proposed Major Developments

The proposal should be supported by a three-year business plan which sets out:

- a demonstration of the proposal's consistency with the strategic plans approved by the Trust and with the institution's powers under current legislation
- details of the market need and the assumptions (based on reference data) of the level of business available
- details of the business and what product or service will be delivered
- an outline plan for promoting the business to the identified market place and achieving planned levels of business
- details of the staff required to deliver, promote and manage the business, together with any re-skilling or recruitment issues
- details of any premises and other resources required
- a financial evaluation of the proposal together with its impact on revenue and surplus, plus advice on the impact of possible alternative plans and sensitivity analyses in respect of key assumptions
- contingency plans for managing adverse sensitivities
- consideration of taxation and other legislative or regulatory issues
- a three-year financial forecast for the proposal including a monthly cash flow forecast and details of the impact on the institution cash flow forecast for the financial years in question.

More detail on these protocols can be found in the Trust's financial procedures.

Appendix I: Internal Audit Responsibilities

The prime responsibility of the internal audit service is to provide the governing body, the finance director and the Trust with assurance on the adequacy and effectiveness of the internal control system, including risk management and governance. Responsibility for internal control remains fully with the Trust, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management to improve systems of internal control and so to reduce the potential effects of any significant risks faced by the Trust. Risk management provides the opportunity for internal audit work to be efficient and focused. It does not necessarily imply that internal audit activity has to be increased.

Internal audit can also provide independent and objective consultancy advice specifically to help management improve the internal control system, including risk management and governance. In such circumstances, internal auditors apply their professional skills in a systematic and disciplined way to contribute to the achievement of Trust objectives. Such advisory work contributes to the opinion that internal audit provides on internal control, including risk management and governance.

Appendix J Fraud Response Plan

INTRODUCTION

Management and staff are likely to have little experience of dealing with fraud and when suspected cases arise, may be unsure of the appropriate action to take. The objectives of this response plan are to:

- provide a documented framework which the institution can refer to in the event that fraud is suspected or reported
- ensure that in the event of fraud, timely and effective action is taken to prevent further losses, identify fraudsters, safeguard evidence, minimise publicity, reduce adverse effect on business and learn lessons.

REPORTING FRAUD

All actual or suspected incidents of fraud should be reported without delay to the School Business Manager and/or the Accounting Officer/Head of School and Trust.

When staff report suspected fraud it is important that their suspicions are treated seriously and that all details provided by the reporting employee are recorded accurately and in a timely manner. They should be repeated back to the reporting employee to confirm understanding. It is essential that staff are put at ease, since the decision to report the suspected fraud may be traumatic for the individual concerned. Those reporting fraud should be assured that all information will be dealt with in the strictest confidence and that anonymity will be preserved if requested, unless that is incompatible with a full and fair investigation. The anonymity of any whistleblower must be guaranteed at the initial investigation stage.

Once the School Business Manager/Head Teacher has recorded the details of the case, he or she should, within 24 hours, hold a meeting with the Senior Leadership Team (SLT) to decide on the initial response.

At this stage management should also take whatever steps are necessary to prevent further losses, for example by changing procedures or suspending payments without compromising the quality of evidence or alerting the fraudsters.

INITIAL ENQUIRY

On receiving the details of the suspected fraud, the Senior Leadership Team should undertake as limited review as necessary to establish whether further action needs to be taken. This will normally be an investigation, led by internal audit/external audit. The decision by the group to initiate a special investigation shall constitute authority to internal audit to use time provided in the internal audit plan for special investigations, or contingency time, or to switch internal audit resources from planned audits.

If this initial investigation suggests that suspicions are confirmed, the group will decide which body is best placed to undertake further investigative work and will inform the principal, the chair of the governing body, the trust, auditors, the funding body and the police as appropriate. The circumstances in which the institution must inform the funding body of actual or suspected fraud are set out in the funding body's audit code of practice. The Head Teacher is responsible for informing the funding body of any such incidents.

PREVENTION OF FURTHER LOSS

Where the initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the SLT will need to decide how to prevent further loss. Fraudulent or corrupt activity is regarded as a breach of contract and where there are reasonable grounds for suspicion then suspension, with or without pay, of the suspects is likely, pending the outcome of enquiries. The rights of staff on suspension must be acknowledged, for example their right to union representation and to be informed of the reason for their suspension.

It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action. Suspect(s) should be supervised at all times before leaving the institution's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the institution. Any security passes and keys to premises, offices and furniture should be returned.

Advice should be obtained on the best means of denying access to the institution while suspects remain suspended (for example by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly, access permissions to the institution's computer systems should be withdrawn without delay.

Internal audit should consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the institution's assets.

At this stage, the institution should decide if external parties including the funding body and the police are to be involved. Delays in contacting the police may prejudice future enquiries and alerting them immediately is important since they will be able to advise the institution on how best to proceed and the most effective methods to gather evidence.

CONDUCTING A FRAUD ENQUIRY

Once it has been agreed that there is sufficient evidence to justify a fuller investigation, the SLT should meet with the police where appropriate to decide who is best placed to undertake further investigation. Should it be decided that an internal investigation is appropriate, either in tandem with a police investigation or on its own, it is important that it is undertaken by individuals with experience of fraud investigations. This is most likely to be internal auditors, supported as necessary by the institution's staff, who may have specialist knowledge and external specialists where appropriate.

Where fraud and corruption are suspected, contact by the School Business Manager and the head of internal audit with the local fraud squad should be considered in order to agree an appropriate course of action.

For internal investigations, the SLT should agree the following:

- detailed remit and scope for the investigation; for example, is it to confirm that there is sufficient evidence to support the allegations, to gather evidence for the police, or does the institution wish to quantify the total potential loss?
- who should undertake the investigation
- reporting procedures and deadlines
- a programme of regular meetings.

There is a clear requirement to record all details fully, accurately and in a manner that is accessible. The police should be able to advise on an appropriate recording format. Developing a simple form to log all events and contacts made will provide a quick summary, ease the recording process and provide documented support for any future enquiries or possible prosecution.

RECOVERY OF LOSSES

It is important that any losses incurred by the institution are fully and accurately recorded and that costs are correctly apportioned. In addition to the direct cost of losses attributable to fraud, all costs associated with enquiries should be recorded. These will be required under loss reporting procedures and may also be required by the courts if the decision to prosecute is taken and in determining any assessment of costs or compensation and insurance recoveries.

Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment.

STAFFING ISSUES

A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The institution must follow disciplinary procedures against any member of staff who has committed fraud.

The institution will normally pursue the prosecution of any such individual. Of crucial importance is the need to conduct enquiries within the parameters of relevant laws and regulations. Employees have certain statutory rights, and if infringed, the likelihood of success of disciplinary action is diminished. It is vital, therefore, that any interviews with suspects are undertaken strictly in accordance with established procedures. No interviews should take place without first seeking advice from the police and from the School Business Manager on the relevant procedures and rules to be followed. In particular all those involved in interviewing suspects should have knowledge of the 1994 Police and Criminal Evidence Act.

Internal audit will need to:

- maintain familiarity with the institution's disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation
- establish and maintain contact with the police where appropriate
- establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act
- ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

If fraud is proven which involves staff, appropriate disciplinary action will be taken. Such action may be considered not only against those found to have perpetrated the fraud, but also against managers whose negligence may have facilitated it.

REPORTING DURING THE INVESTIGATION

The fraud investigation group should provide a confidential report to the chair of the governing body, the principal and the external audit partner at least monthly, unless the report recipients request a lesser frequency. The scope of the report should include:

- quantification of losses
- progress with recovery action
- progress with disciplinary action
- progress with criminal action
- estimate of resources required to conclude the investigation
- actions taken to prevent and detect similar incidents.

Any variation from the approved fraud response plan, together with reasons for the variation, should be reported promptly to the chair of the governing body.

CONCLUDING AN INVESTIGATION

At the end of a case, irrespective of the outcome, it is important that the progress of the investigation is reviewed to see what lessons can be learned and to assess the effectiveness of the action taken. Such reviews will help identify any weaknesses in internal control that initially led to the fraud and should highlight any deficiencies in these systems for reporting and investigating, enable more effective future enquiries and precipitate changes to internal procedures designed to prevent reoccurrence.

On completion of a special investigation, a written report should be submitted to the governing body and the trust for consideration and discussion containing:

- a description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud
- the measures taken to prevent a recurrence
- any action needed to strengthen future responses to fraud, with a follow-up report on whether or not the actions have been taken.

This report will normally be prepared by the academy and internal audit.

REFERENCES FOR EMPLOYEES DISCIPLINED OR PROSECUTED FOR FRAUD

The staff handbook includes a requirement that any request for a reference for a member of staff who has been disciplined or prosecuted for fraud should be referred to the Head Teacher/ Senior Leadership Team. The Head Teacher/Senior Leadership Team should prepare any answer to a request for a reference having regard to employment law.

REVIEW OF THE FRAUD RESPONSE PLAN

This plan will be reviewed for fitness of purpose at least annually or after each use. Any need for change will be reported to the governing body for approval.

FRAUD POLICY STATEMENT

This institution has a duty to its stakeholders to take all responsible steps to prevent fraud occurring, whether perpetrated by staff, students, contractors and suppliers, other organisations or members of the public.

The institution will maintain robust control mechanisms to both prevent and detect fraud. All line managers have a responsibility for maintaining documented control systems and must be seen to be setting an example by complying fully with procedures and controls.

All members of staff have a responsibility to protect the assets and reputation of the institution and are expected to be alert to the potential for fraud. Line managers should brief staff on the common types of fraud perpetrated in their areas of responsibility.

Confidential mechanisms have been established to allow staff to report suspected frauds to management. All reported suspicions will initially be investigated by the fraud investigation group (representatives of the Schools Finance Team).

Further information for staff on reporting fraud and their role in the prevention and detection of fraud is provided in the institution's policy for fraud prevention, detection and investigation.

PROCEDURE FOR FRAUD PREVENTION, DETECTION AND INVESTIGATION

INTRODUCTION

The institution's procedure for fraud prevention, detection and investigation is set out below. The objectives of the procedure are to:

- encourage staff to be aware of fraud
- bring suspected fraud to notice
- provide a framework response plan for investigating and reporting
- ensure that both alleged and proven fraud are dealt with in a consistent and timely manner.

The institution has a unique role to play in the community and any instances of fraud or corruption may be damaging to public confidence and support. Losses due to fraud, theft or corrupt practices can have a direct effect on jobs and the level and quality of service provision. Vigilance is essential since all staff are responsible for ensuring that the best possible service is provided to the institution's students and that value for money is secured from public funds.

Successful fraud prevention involves creating an environment which inhibits fraud. Taking immediate and vigorous action if fraud is detected is not only necessary to prevent future losses, but also helps deter frauds. A manager who is alert to the possibility of fraud and who acts accordingly on a day-to-day basis is a powerful deterrent to fraud.

FRAUD PREVENTION

Fraud can be defined as *any act of wilful dishonesty to gain individual or collective advantage*. It is taken to include theft, misuse of property, corruption, the alteration of financial or other records or any unauthorised act which results directly or indirectly in financial gain to the perpetrator or a third party. Fraud can be perpetrated against staff, students, suppliers, government agencies or departments or the public.

Staff should be aware that gifts, including hospitality, offered by contractors, suppliers and other service providers may place employees in a vulnerable position (see the financial regulations).

MANAGEMENT RESPONSIBILITY FOR RISK MANAGEMENT

The prime responsibility for preventing fraud lies with management through:

- identifying risks to which systems and procedures are exposed
- designing, implementing, documenting and operating internal controls
- establishing an environment that promotes compliance with internal controls
- promoting fraud awareness amongst staff
- fostering an anti-fraud culture.

However, while managers are responsible for assessing and controlling the level of risk within their areas of authority, it is the responsibility of all staff to be aware of fraud and to take the necessary steps to minimise risk to the institution. Managing the risk of fraud is the same in principle as any other business risk. It is best approached systematically both at organisational and at operational level. Managers should identify risk areas, assess the scale of risk, allocate responsibility for managing specific risks and implement and test controls to minimise the risks.

Managers also have a responsibility to familiarise themselves with common fraud techniques in the areas for which they have control. Managers should also ensure that staff in their areas of operation are familiar with common types of fraud.

INTERNAL CONTROLS

Internal controls are the key element in preventing fraud. They include both financial and non-financial controls, for example annual leave records, and those that are in place to safeguard the misuse of institution assets, including computing systems. The financial regulations are one example of these controls. The institution's financial and other non-financial procedures are the definitive guide and are available to all staff. It is the responsibility of management to ensure that controls in their area of responsibility have been documented and communicated.

In order to set a good example, managers should be seen to be complying with all controls. The emphasis should be on creating a culture of honesty and fraud detection, not increasing the volume of detailed operational and supervisory checks and controls unnecessarily.

MANAGEMENT CHECKS

The prevention and detection of fraud and impropriety is only possible where strong internal controls are present and constantly applied. Routine checks and monitoring by management to ensure that procedures are being followed are, therefore, essential. The benefits of implementing a culture of strong management controls are:

- a deterrent effect when it is known that management is actively involved in ensuring that procedure are followed
- the results of the check will allow management to identify any operational areas where controls are not being uniformly applied and investigate whether systems have been exploited.

Common excuses for non-compliance with controls is that they are no longer applicable, there is insufficient time available or they are not appropriate. It is important that such comments are reported to line managers so that the need for such controls is evaluated

STAFF TRAINING

Staff adhering to procedures, and who are not inhibited to challenge matters which do not appear to be correct, provide the best protection against fraud and corruption. It is important, therefore, that the institution's policy on fraud prevention and investigation is fully communicated to all staff. The lack of clear guidance and ignorance of procedures will often be the first excuse used by offenders.

The recruitment of suitable staff is the institution's first defence in preventing fraud. Best practice recruitment policies such as detailed application forms including a statement on criminal records, communication with referees and past employers and verification of educational and professional qualifications must be strictly adhered to.

Staff awareness of policy and procedures is fundamental to the effective operation of systems. The institution will comply with best practice, including:

- instruction in and discussion of control and probity issues as part of staff induction
- formal staff training on operational procedures

- desktop instructions for specific tasks
- publication of the institution's policy on fraud
- regular staff notices regarding any changes to financial procedures.

FRAUD DETECTION

The primary responsibility for the detection of fraud lies with management through the implementation, documentation and operation of effective systems of internal control. All staff have a responsibility to be aware of potential fraud and to take necessary steps to minimise risk to the institution.

Proper and consistently applied procedures for reporting and investigating fraud play an important part in preventing further fraud. The institution expects that reported suspicions will be investigated. The institution's fraud response plan must be implemented where fraud is suspected.

Appendix K: Contents of Conditions of Contract for the Purchase of Goods

1 Introduction

1.1 The purpose of these purchasing procedures is to enable the Trust to:

- Obtain value for money in its purchases
- Demonstrate that value for money has been obtained
- Act fairly and even handedly in its dealings with its suppliers and potential suppliers
- Comply with the various pieces of legislation that apply to purchases
- Protect staff from accusations of malpractice.

1.2 This manual describes the procedures you must follow in order to comply with the Trust's financial regulations when spending money on everything other than staff. It also provides advice, guidance and best practice.

1.3 The procedures apply to all purchases and contracts, for which we are the buyer, with external suppliers, contractors, agencies, consultants, etc. Apart from paragraph 3, they do not apply to purchases from and contracts with other public sector bodies.

They apply regardless of the source of the money being spent. They apply to expenditure by the Trust.

There are special procedures covering the capital programme.

1.4 Within these procedures the following definitions apply:

A contract is a formal arrangement covering the supply of specified goods, services or works by particular companies at agreed prices over a period of time.

A purchase is a one-off requirement for goods, services or works.

Please note that these definitions are used solely to clarify the procedures and are not true descriptions.

1.5 The procedures reflect current practice. They will be updated from time to time as procurement methods change and the financial thresholds are reviewed.

2 The Use of Facts

2.1 Contracts and purchasing agreements exist for a wide range of supplies and services. Some are arranged by the Trust and some by the individual Academies.

2.2 As a matter of policy the Trust supports contracts arranged for the education sector. If there is a contract for the goods or services you require, you must use it. If a contract is not effective or you think you can do better, please liaise with the Trust and with other School Business Managers.

2.3 Academies are responsible for ensuring compliance with financial regulations by arranging contracts for goods and services that are specific to them.

3 Official Orders

3.1 Financial regulations require the use of official order forms generated by FMS. All purchases of goods, services and works should be made using the official forms. The only exceptions are when the value is determined by metering, for example: photocopies and utilities; and by timesheets, for example: temporary agency staff. Separate arrangements exist for very high value contracts.

3.2 You must raise an official order at the time of placing the order. It can be used to confirm a verbal, faxed or e-mail order. It is unacceptable to wait until goods are delivered, services and works undertaken or invoices received. You must not do this because:-

- You will have to pay whatever the supplier chooses to charge unless you can prove you had agreed a different price
- The suppliers' terms and conditions of contract will apply rather than ours, which will weaken our position if there is a dispute
- The Trust operates a system of commitment accounting so that budget holders know how much money remains in their budget. This will not be correct unless orders are raised at the time of agreeing to spend money with a supplier.

3.3 You must give the following details on your orders:

- appropriate budget codes
- adequate description so that the supplier knows exactly what you require. Always give the supplier's catalogue number or part number if you know it
- number of items you require
- price or, if this cannot be determined at the time of raising the order, estimated or maximum price
- reference to a relevant quotation, tender or contract if there is one. If a price has been agreed verbally, state on the order "price agreed with (John Smith)"

3.4 All orders must be signed by a budget holder or someone to whom authority has been officially delegated, and only within his or her financial limits.

4 Purchasing Cards and Fuel Cards

4.1 Purchasing Cards are corporate debit cards and are used for low value purchases. They provide an effective but low cost and an efficient mechanism for buying low value goods and services.

4.2 The issue of Purchasing Cards to individual members of staff is strictly controlled. Requests for cards must be authorised by the appropriate Headteacher.

4.3 There are an additional three controls which limit the use of each individual card:

- Maximum value of each purchase
- Maximum value of all purchases within a month
- Limits on the types of suppliers that will accept the card.

4.4 Staff who have been issued with a Purchasing Card **MUST** use it if the purchase is within their limits and with an approved type of supplier; they may **NOT** use an official order for such a purchase.

4.5 Detailed procedures describing the operation of the Purchasing Card scheme are given to staff when their card is issued to them. Purchasing Cards will be withdrawn from staff who persistently infringe the procedures which govern their use.

4.6 Purchasing Cards **MUST** not be used for personal purchases under any circumstances. The card will be withdrawn from any member of staff who breaks this rule and further action may also be taken.

5 Purchases up to £5,000 in Value

5.1 These procedures apply to all purchases up to and including £5,000 in value which are not made under existing contracts.

5.2 The minimum requirement is that you place an official order with the supplier you have chosen - see paragraph 3; or use a Purchasing Card ? see paragraph 4.

5.3 It may be appropriate to seek formal quotations although this is unlikely to be cost-effective for purchases under £2,500 in value. In this case the procedures in paragraph 6 must be followed.

5.4 You should consider whether seeking informal quotations will reduce prices or improve quality. These can be obtained by asking two or more companies to give you a price by e-mail, fax or over the phone. If prices are obtained over the phone you must keep a note of the name of the person who gave them.

6 Purchases and Contracts Over £5,000 in Value

6.1 These procedures apply to all purchases and contracts over £5,000 and up to and including £20,000 in value which are not made under existing contracts.

6.2 The minimum requirements are:

- For purchases worth £5,000-£20,000 obtain, not just seek, 3 quotations

It is sensible to invite more companies to quote, as some may not do so. It is useful to get more quotations when prices are volatile, or in a competitive market when companies are keen to get our business.

6.3 Quotations must be in writing. Faxes and prints of e-mails are acceptable.

6.4 It is important that you provide enough information to the companies that are invited to quote, to allow them to fully understand your needs and to give a properly considered price. It is equally important that you compare like with like when choosing between potential suppliers.

The easiest way to achieve this is to give the companies you wish to quote the following information:-

- Specification
- Delivery date
- Any special consideration that may affect the price, for example: delivery of heavy items to the top floor, or notification that work can only be done at weekends

It is essential that all companies invited to quote are given identical information and are treated equally.

6.5 You must consider the duty placed on you by the Race Relations (Amendment) Act 2000: see paragraph 10 for more details. Generally this is more relevant to services and works, but it does include installation of goods. For contracts and purchases in which racial equality is highly relevant you must ensure that the specification doesn't discriminate between racial groups. You must also ensure that suppliers and contractors do not discriminate and do promote equality.

6.6 When buying services it may be better not to be too prescriptive when it is the successful achievement of a required output that is important and not how it is achieved. It is appropriate to specify the output and ask the companies quoting how they would achieve it.

6.7 You should make the purchase from or award the contract to the company that offers the best value for money. This will most often be the one quoting the lowest price because all other considerations will have been taken into account when drawing up the specification, etc.

You must record your reasons for not accepting the lowest quotation, and this decision must be authorised in writing by your Headteacher.

6.8 You must raise an official order to cover the purchase or contract once you have decided which company is to be given the business. The order must refer to the quotation.

6.9 The successful quotation and reasons for not accepting the lowest price must be kept for three years after the end of the financial year it was obtained in. The unsuccessful quotations must be kept for one year after the end of the financial year they were obtained in.

7 Purchases and Contracts Over £20,000 in Value

7.1 These procedures apply to all purchases and contracts above £20,000 in value which are not made under existing contracts. Additional requirements apply for purchases and contracts for supplies and services over £111,676 and over £4,322,012 for works contracts - see paragraph 8.

You must consult the Trust if you propose to make a purchase or arrange a contract worth over £50,000.

7.2 Tendering procedures are used because of the high value of the contracts. They are formal procedures which ensure that all tenderers are treated equally. They also protect staff from accusations of bias or favouritism by unsuccessful companies.

The minimum requirement is to:-

- obtain, not just seek, 3 tenders

It is sensible to invite more than the required number of companies to tender, as some may not do so. It is useful to get more tenders in a competitive market and when companies are keen to get our business.

7.3 You can identify suitable companies to invite to tender from a number of sources:-

- Market knowledge
- Trade or professional journals
- Trade directories
- Colleagues

It can also be worth investing in an advertisement in a relevant journal when arranging a higher value contract. The purpose is to increase the number of potential tenderers and particularly to get new tenderers for contracts for which the same companies are regularly invited to tender.

7.4 You must consider the duty placed on you by the Race Relations (Amendment) Act 2000: ? see paragraph 10 for more details. Generally this is more relevant to services and works, but does include installation of goods. For contracts and purchases in which racial equality is highly relevant you must ensure that the specification doesn't discriminate between racial groups. You must also ensure that suppliers and contractors do not discriminate and do promote equality.

7.5 It is important that you provide enough information to the companies that are tendering to allow them to fully understand your needs and to give a properly considered price. It is equally important that you compare like with like when considering which company will be successful.

When buying services, however, it may be beneficial not to be too prescriptive when it is the successful achievement of a required output that is important and not how it is achieved. In these cases it is appropriate to specify the output and ask the tenderers how they would achieve it.

7.6 A standard tender document comprises:-

- Instructions to Tenderers
- Conditions of Tender
- Relevant Standard Conditions of Contract

- Special Conditions of Contract (if necessary)
- Specification
- Collusive Tendering Certificate
- Form of Tender
- Price Schedule
- Equal Opportunities questionnaire
- Special tender return envelope

The procurement department can provide samples of all these.

The Instructions to Tenderers will require one complete set of documents to be returned which demonstrates that the tenderer was in possession of all relevant facts when pricing the tender. You may ask for more copies of the price schedule and other supporting documents if a number of people will be involved in assessing the tenders.

7.7 It is essential that all tenderers are treated equally. This is underpinned by the tenders all being opened at one time. You must, therefore, set a time and date by which tenders must be returned. This must give tenderers adequate time to properly consider the contract and prepare their bids. Special tender return envelopes must be used so that tenders are not opened accidentally before the return date. The procurement department can provide these.

All tenders must be opened by a Headteacher and at least one other senior member of staff or governor. It is important that this is a transparent process. The purpose of having a member of staff who is independent of the contract award process present when the tenders are opened is so that the Trust can demonstrate that proper practices and controls are in place should there be a challenge from an unsuccessful tenderer.

The role of staff who open tenders is to ensure that the procedures have been followed properly.. Both must sign the tenders and the price schedules contained in the tenders. In performing this role the views and opinions of the Headteacher and senior member of staff have equal weight.

7.8 Tenders that are submitted late cannot be accepted and must be returned to the tenderer.

7.9 You should award the contract to the company(ies) that offers the best value for money. This will often be the one tendering the lowest price because all other considerations will have been taken into account when drawing up the tender documents. Better value for money, however, may be obtained by considering whole life costs. This includes, but may not be limited to, initial purchase price, cost of maintenance, energy costs, cost of consumables, staff time and disposal value.

7.10 Once you have examined the returned tenders you may need to clarify details in some or all of them. You must keep a written record and you must get from the proposed supplier their written agreement to the clarifications. Thereafter in exceptional circumstances it may be necessary to negotiate prices. You may negotiate only with the lowest tenderer or the one offering the best value for money, that is, the company to which the contract would be awarded regardless of the outcome of the negotiations. You must obtain

approval from the relevant person in school before negotiating. You may not negotiate prices for contracts subject to the European Union Contract Regulations as this is illegal.

It is essential that any such post-tender negotiations are conducted in such a manner that accusations of impropriety cannot be made against individual members of staff and the Trust. Consequently at least two members of staff must be present during negotiations. Detailed written records must be kept and be signed by all Academy staff present. Negotiations may be conducted by correspondence and at least two members of staff must be involved.

7.11 The award of the contract can be by a number of means. The purchase of goods and routine services can be made by raising an official order which refers to the tender. An exchange of letters may be appropriate for more complex purchases. Particularly high value contracts, land transactions or those which have severe implications for the Trust if they fail will be made under the Trust's seal.

7.12 You should write to the companies that were not successful. You may not tell them the value of the tender that has been accepted. If they ask, however, you should tell them that their tender was about x% too high. Remember that the real price is confidential to the Trust and its contractor. Different rules apply when companies request information within the provisions of the Freedom of Information Act (see paragraph 9).

7.13 The successful tender, and all contract documents must be kept for three years after the end of the financial year the contract ended in. Unsuccessful tenders must be kept for one year after the financial year they were obtained in.

8 European Union Contract Regulations

8.1 These apply to all purchase and contracts valued more than: -

£111,676 (134,000 ECU) for supplies)
£111,676 (134,000 ECU) for services) £ value correct at 01.01.14
£4,322,012 (5,186,000 ECU) for works)

except that certain types of services are exempt.

8.2 The ECU (European Currency Unit) values are fixed but the sterling equivalent values change every two years in January of each even numbered year. These EU Regulations are incorporated into English Law. They are over and above financial regulations and take precedence over them. They differ from financial regulations in that there is a legal requirement to follow them. They cannot be waived and exemptions cannot be given. Failure to follow them can lead to very heavy penalties for the Trust.

8.3 The procedures that have to be followed are complex and include the use of long timescales. They have the effect of making it impossible to avoid the regulations without breaking the law. You should be warned that simply not having enough time to follow the procedures does not excuse you from following

them. This may mean that you cannot make the purchase or construct the building in time and you could lose the funding.

8.4 You must consult the Accounting Officer/CEO if you propose to make a purchase or arrange a contract which is over the values given at 8.1. The complexity of the procedures and the penalties for not following them properly are such that the Accounting Officer/CEO will be involved in all purchases and contracts covered by the EU Regulations.

9 Freedom of Information Act

9.1 The Freedom of Information Act requires us to provide details of tenderers, their bids and contracts which in the past would have been regarded as confidential. This only applies when we receive proper applications for information, that is, in writing or e-mail, and for information we hold.

Statements for tenderers that their bids are confidential are overturned by the duty we have to provide information that has been requested. In instances where a tenderer has marked as “confidential” information for which we have received a request, we will consult with the tenderer before deciding whether or not to provide the information. However, the final decision as to whether the information will be released lies with the Trust. The Act does not require us to provide sensitive information at critical times during the process of arranging contracts.

This is a complex issue and all requests for information must be referred to the Headteacher as soon as they are received.

9.2 You must treat requests for information under the Environmental Information Regulations as you would for the Freedom of Information Act that is, by referring them to the Headteacher. Requests for environmental information can be verbal as well as in writing and e-mail.

10 Equal Opportunities

10.1 From a procurement perspective the Race Relations (Amendment) Act 2000 requires us to ensure that there is nothing in our procurement processes that discriminates against any racial groups, and that racial equality is promoted by our contractors and suppliers. Race equality is more relevant in some contracts than others. The higher the relevance the more the Trust must do to ensure that equality is built into its contracts. Contracts with the highest relevance are those in which services are provided on site to students, staff and visitors.

10.2 The Trust can be prosecuted for failure to comply with the Act. Individual members of staff who arrange a purchase or contract which leads to a prosecution are held by law to be personally liable and may also be subject to prosecution.

10.3 The Act requires:

- Specifications which do not discriminate. For contracts in which race equality is highly relevant, specifications must describe what contractors must do in terms of race equality
- Terms and conditions of contract that require contractors to comply with the Race Relations Act 1976 and the Race Relations Amendment Act 2000.

11 Import of Goods

11.1 Goods purchased from suppliers outside of the UK may be subject to Import Duty and VAT. The procedure to be followed and the amount to be paid is dependent on the type of goods and the country of origin. Goods may be supplied duty paid if the supplier or shipper arranges this. You can get information on the procedures to be followed from the HM Revenue and Customs website (www.customs.hmrc.gov.uk)

12 Receipt of Suppliers and Services

12.1 You will be asked to sign a delivery note for supplies or a certificate for services. Only do this when you are satisfied you have received what you are being asked to sign for. Your signature certifies that you have received in good condition a specified quantity of specified supplies. For services your signature certifies that you are satisfied that the specified services have been provided.

12.2 Suppliers and service providers have the right to, and usually do, reject subsequent claims that items were missing or damaged or the services were not properly performed. Consequently, you should only sign for supplies or services when you are completely satisfied.

12.3 You must notify the payments section of the finance department that you have received the supplies or services. This must be done as soon as possible after delivery. This is achieved by sending the Goods/Services Received copy of the order set to the payments section. Where possible the person authorising payment by signing and dating this copy of the order should not be the same person who authorised the order in the first place.

The receipt of supplies that are metered, for example: utilities and photocopies, and services based on timesheets, for example: temporary agency staff, can be certified on the invoice, that is, an order is not required. You should sign and date the invoice, and add the appropriate budget code.

13 Stores Items

13.1 A limited number of mainly stationery and janitorial items are kept in stock in the stores. Only items which can be bought more cheaply in bulk or cannot be bought in small quantities. The items held in stock are reviewed from time to time.

14 Business Ethics

14.1 The Trust has adopted the principles advocated by the Nolan Committee on Standards In Public Life. These underpin the manner in which you spend money on behalf of the Trust. The principles, edited to focus on business relationships, are:

- Selflessness – Trust staff should take decisions solely in terms of the Trust interest. Individuals should not take decisions in order to gain financial or other material benefit for themselves, their families or their friends.
- Integrity – Trust staff should not place themselves under any financial or other obligation(s) to outside individuals or organisations that might influence the performance of their duties.
- Objectivity - In carrying out Trust business, including awarding contracts, choices should be made on merit.
- Accountability – Trust staff are accountable for their decisions and actions and should submit themselves to whatever scrutiny the Trust deems appropriate.
- Openness - Reasons for decisions and actions should be as open as possible.
- Honesty – Trust staff have a duty to declare any private interests relating to their appointment and to take steps to resolve any conflicts arising.
- Leadership - Senior Trust staff should promote and support these principles by leadership and through example.

14.2 You will be in conflict with these principles if you purchase from or award a contract to a company in which you have an interest. This issue is covered by paragraphs 10.1 to 10.3 in the financial regulations. You must inform the Headteacher of any exceptional reasons by which the Trust will demonstrably get best possible value for money in this situation.

14.3 The Trust has also adopted a policy on Hospitality, Gratuities and Gifts. The policy, edited to focus on business relationships, is:-

Hospitality - Modest hospitality is an accepted courtesy in the course of a business relationship. Members of staff should not, however, allow a position to be reached whereby they might be, or might be perceived by others to have been induced into a business decision as a consequence of accepting such hospitality. In the event that it is not easy to decide what is acceptable in terms of hospitality, the offer should be declined or advice sought from the Headteacher.

Gifts and Gratuities - Gifts other than items of very small intrinsic value (such as diaries, pens, calendars, flowers or chocolates) shall not be accepted. If a member of staff is unsure whether the acceptance of a gift is appropriate,(s)he should consult the Headteacher.

It is not acceptable for any employee to accept a personal inducement in any form from any supplier or potential supplier of goods and services. Any instances of such inducements being offered must be notified to the Headteacher immediately. Any benefit relating to the choice of a particular contractor or supplier must accrue to the Trust and not to an individual.

Staff should also be mindful never to give the impression that a gift, hospitality or any other inducement may influence them to show favour to any supplier.

15 Exceptions to Purchasing Procedures

15.1 The financial regulations empower the Accounting Officer/CEO to grant exceptions to the purchasing procedures. Normally exceptions will be given only to the quotation and tender procedures described in paragraphs 5 and 6. The director of finance cannot be empowered to agree exceptions to EU Contract Regulations.

15.2 Waivers to the purchasing procedures will only be given in exceptional circumstances. These may be for example where:

- there is only one possible supplier or service provider and for technical reasons the specification cannot be changed
- there are fewer potential suppliers or service providers than the purchasing procedures require
- fewer than the required number of tenders or quotations have been received. Time does not allow a new quotation or tender exercise to be conducted or it is not cost effective to do so
- there is an additional requirement for goods, services or works that have been tendered or quoted for in the previous six months and the previous price or a better price will be paid for the additional requirements
- EXTREME urgency is required as a consequence of unforeseen circumstances. Urgency due to the failure of a member of staff to act in a timely manner will only lead to a waiver being granted if there are mitigating circumstances.

15.3 In all cases the Accounting Officer/CEO will require a brief written report to be prepared outlining the circumstances and reasons for the request for a waiver. Supporting documentary evidence must be provided if it is obtainable.

15.4 No member of staff may pre-empt a decision to grant a waiver.

Appendix L: Main Points Included in the Academy Trust's Code of Tendering Practice

Duty to comply by the Trust's staff.

- EU directives to be complied with.
- Competitive tendering procedure, which will:
 - ensure fairness of competition
 - ensure that companies invited to tender are financially and technically able to meet the Trust's requirements
 - indicate the terms of the contract
 - outline the appropriate British standards to be complied with.
- Quotation procedure, which will indicate:
 - the Trust's development
 - the minimum number of firms that should be expected to provide quotations
 - lists of available firms in existence which have been approved by the Trust that might undertake the work specified
 - the terms by which the contractors will be paid
 - the national requirements concerning good practice that should be followed.
- Submission of tenders (e.g., time, date, etc.).
- Receipt and safe custody of tenders and records.
- Admissibility and acceptance of tenders.
- Acceptance of tenders/quotations.
- Justification of acceptance of tenders not at the lowest price.



Department
for Education

Charging for school activities

Departmental advice for governing bodies, school leaders, school staff and local authorities

October 2014

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Summary

About this departmental advice

The purpose of this departmental advice is to help governing bodies, school leaders, school staff and local authorities set out their policies on charging and remission for school activities and school visits.

Sections 449-462 of the Education Act 1996 sets out the law on charging for school activities in schools maintained by local authorities in England. Academies (including free schools, studio schools and university technical colleges) are required through their funding agreements to comply with the law on charging for school activities.

This advice has been written to provide at-a-glance information and complements the information given in section 7.5 of the Governors Handbook. This advice accurately reflects the terms of the Education Act 1996, but it is not a substitute for those terms.

References within this advice to the role of the governing body should be taken to refer to the academy trust, in the case of academies.

Expiry or review date

This advice will be reviewed and updated as necessary.

Who is this advice for?

This guidance is for:

- School leaders, school staff and governing bodies in all maintained schools and academies
- Local authorities

Main points

- School governing bodies and local authorities, subject to the limited exceptions referred to in this advice, cannot charge for education provided during school hours (including the supply of any materials, books, instruments or other equipment).
- Schools must ensure that they inform parents on low incomes and in receipt of the benefits listed on page 9 of this document of the support available to them when being asked for contributions towards the cost of school visits.

School charging

Education

School governing bodies and local authorities, **cannot** charge for:

- an admission application to any state funded school - paragraph 1.9 (n) of the 'School Admissions Code 2012' rules out requests for financial contributions as any part of the admissions process;
- education provided during school hours (including the supply of any materials, books, instruments or other equipment);
- education provided outside school hours if it is part of the national curriculum¹, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school, or part of religious education;
- instrumental or vocal tuition, for pupils learning individually or in groups, unless the tuition is provided at the request of the pupil's parent;
- entry for a prescribed public examination, if the pupil has been prepared for it at the school; and
- examination re-sit(s) if the pupil is being prepared for the re-sit(s) at the school².

Schools and local authorities **can** charge for:

- any materials, books, instruments, or equipment, where the child's parent wishes him/her to own them;
- optional extras (see page below);
- music and vocal tuition, in limited circumstances (see page 6);
- certain early years provision³;
- community facilities⁴.

¹ It should be noted that 'part of the national curriculum' is not restricted to learning outside the classroom experiences that are specifically subject based (e.g. geography or science fieldwork) and include, for example, activities designed to fulfil requirements under the national curriculum 'inclusion statement' (e.g. developing teamwork skills).

² However, if a pupil fails, without good reason, to meet any examination requirement for a syllabus, the fee can be recovered from the pupil's parents.

³ The Education (Charges for Early Years Provision) Regulations 2012

⁴ The powers to provide community facilities are under s.27(1) of the Education Act

Optional extras

Charges may be made for some activities that are known as 'optional extras'. Where an optional extra is being provided, a charge **can** be made for providing materials, books, instruments, or equipment. **Optional extras are:**

- education provided outside of school time that is not:
 - a) part of the national curriculum;
 - b) part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school; or
 - c) part of religious education.
- examination entry fee(s) if the registered pupil has not been prepared for the examination(s) at the school;
- transport (other than transport that is required to take the pupil to school or to other premises where the local authority/governing body have arranged for the pupil to be provided with education);
- board and lodging for a pupil on a residential visit;
- extended day services offered to pupils (for example breakfast club, after-school clubs, tea and supervised homework sessions).

In calculating the cost of optional extras an amount may be included in relation to:

- any materials, books, instruments, or equipment provided in connection with the optional extra;
- the cost of buildings and accommodation;
- non-teaching staff;
- teaching staff engaged under contracts for services purely to provide an optional extra, this includes supply teachers engaged specifically to provide the optional extra; and
- the cost, or an appropriate proportion of the costs, for teaching staff employed to provide tuition in playing a musical instrument, or vocal tuition, where the tuition is an optional extra.

Any charge made in respect of individual pupils must not exceed the actual cost of providing the optional extra activity, divided equally by the number of pupils participating. It must not therefore include an element of subsidy for any other pupils wishing to participate in the activity whose parents are unwilling or unable to pay the full charge.

Furthermore in cases where a small proportion of the activity takes place during school hours the charge cannot include the cost of alternative provision for those pupils who do

not wish to participate. Therefore no charge can be made for supply teachers to cover for those teachers who are absent from school accompanying pupils on a residential visit.

Participation in any optional extra activity will be on the basis of parental choice and a willingness to meet the charges. Parental agreement is therefore a necessary pre-requisite for the provision of an optional extra where charges will be made.

Voluntary contributions

Nothing in legislation prevents a school governing body or local authority from asking for voluntary contributions for the benefit of the school or any school activities. However, if the activity cannot be funded without voluntary contributions, the governing body or head teacher should make this clear to parents at the outset. The governing body or head teacher must also make it clear to parents that there is no obligation to make any contribution.

It is important to note that no child should be excluded from an activity simply because his or her parents are unwilling or unable to pay. If insufficient voluntary contributions are raised to fund a visit, or the school cannot fund it from some other source, then it must be cancelled. Schools must ensure that they make this clear to parents. If a parent is unwilling or unable to pay, their child must still be given an equal chance to go on the visit. Schools should make it clear to parents at the outset what their policy for allocating places on school visits will be.

When making requests for voluntary contributions, parents must not be made to feel pressurised into paying as it is voluntary and not compulsory. Schools should avoid sending colour coded letters to parents as a reminder to make payments and direct debit or standing order mandates should not be sent to parents when requesting contributions.

Music Tuition

Although the law states that, in general, all education provided during school hours must be free, instrumental and vocal music tuition is an exception to that rule.

The Charges for Music Tuition (England) Regulations 2007 set out the circumstances in which charges can be made for tuition in playing a musical instrument, including vocal tuition. They allow charging for tuition in larger groups than was previously the case.

Charges may now be made for vocal or instrumental tuition provided either individually, or to groups of any size, provided that the tuition is provided at the request of the pupil's parent. Charges may not exceed the cost of the provision, including the cost of the staff who provide the tuition.

The regulations make clear that charging may not be made if the teaching is either an essential part of the national curriculum, or is provided under the first access to the key stage 2 Instrumental and Vocal Tuition Programme. They also make clear that no charge may be made in respect of a pupil who is looked after by a local authority (within the meaning of section 22(l) of the Children Act 1989).

Transport

Schools **cannot** charge for:

- transporting registered pupils to or from the school premises, where the local education authority has a statutory obligation to provide transport;
- transporting registered pupils to other premises where the governing body or local authority has arranged for pupils to be educated;
- transport that enables a pupil to meet an examination requirement when he has been prepared for that examination at the school; and
- transport provided in connection with an educational visit.

Guidance on school travel is available [here](#):

Charging and remissions policies

No charges can be made unless the governing body of the school or local authority has drawn up a charging policy giving details of the optional extras or board and lodging that they intend to charge for, and a remissions policy.

The governing body's policy may be more or less generous than the local authority's, as long as it meets the requirements of the law. A policy statement will take account of each type of activity that can be charged for and explain when charges will be made.

If a charge is to be made for a particular type of activity, for example optional extras, parents need to know how the charge will be worked out and who might qualify for help with the cost (or even get it free). This information should be made available to parents.

The remissions policy must set out any circumstances in which the school or local authority propose to remit (wholly or partly) any charge which would otherwise be payable to them in accordance with their charging policy. For example, a school may decide to provide an Italian language evening class as an optional extra. The governing body may decide to reduce the cost for those children whose parents are in receipt of certain benefits.

Residential visits

Schools **cannot** charge for:

- education provided on any visit that takes place during school hours;⁵
- education provided on any visit that takes place outside school hours if it is part of the national curriculum, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school, or part of religious education;
- supply teachers to cover for those teachers who are absent from school accompanying pupils on a residential visit.

Schools **can** charge for:

- board and lodging and the charge must not exceed the actual cost.

When a school informs parents about a forthcoming visit, they should make it clear that parents who can prove they are in receipt of the following benefits will be exempt from paying the cost of board and lodging:

- Universal Credit in prescribed circumstances;⁶
- Income Support (IS);
- Income Based Jobseekers Allowance (IBJSA);
- support under part VI of the Immigration and Asylum Act 1999;
- Child Tax Credit, provided that Working Tax Credit is not also received and the family's income (as assessed by Her Majesty's Revenue and Customs) does not exceed £16,190 (financial year 2013/14);
- the guarantee element of State Pension Credit;
- an income related employment and support allowance that was introduced on 27 October 2008.

Guidance on school policies for Learning Outside the Classroom, including charging, is available [here](#).

Education partly during school hours

Where an activity takes place partly during and partly outside school hours, there is a basis for determining whether it is deemed to take place either inside or outside school

⁵ See section 452 of the Education Act 1996 for guidance as what counts as during school hours.

⁶ The government plans to prescribe the circumstances when Universal Credit is fully rolled out.

hours. However, a charge can only be made for the activity outside school hours if it is not part of the national curriculum, not part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school and not part of religious education.

If 50% or more of the time spent on the activity occurs during school hours, it is deemed to take place during school hours. Time spent on travel counts in this calculation if the travel itself occurs during school hours. School hours do not include the break in the middle of the day.

Where less than 50% of the time spent on an activity falls during school hours, it is deemed to have taken place outside school hours. For example, an excursion might require pupils to leave school an hour before the school day ends, but the activity does not end until late in the evening.

Non-residential activities

If 50% or more of the time spent on the activity occurs during school hours, it is deemed to take place during school hours. Time spent on travel counts in this calculation if the travel itself occurs during school hours. School hours do not include the break in the middle of the day.

Where less than 50% of the time spent on an activity falls during school hours, it is deemed to have taken place outside school hours. For example, an excursion might require pupils to leave school an hour before the school day ends, but the activity does not end until late in the evening.

Residential visits

If the number of school sessions taken up by the visit is equal to or greater than 50% of the number of half days spent on the visit, it is deemed to have taken place during school hours (even if some activities take place late in the evening). Whatever the starting and finishing times of the school day, regulations require that the school day is divided into 2 sessions. A 'half day' means any period of 12 hours ending with noon or midnight on any day.

Example 1

Pupils are away from noon on Wednesday to 9pm on Sunday. This counts as 9 half days including 5 school sessions, so the visit is deemed to have taken place during school hours.

Example 2

Pupils are away from school from noon on Thursday until 9pm on Sunday. This counts as 7 half days including 3 school sessions, so the visit is deemed to have taken place outside school hours.

State boarding schools

Schools **can** charge for:

- overnight board and lodging providing the charge does not exceed the actual cost;⁷
- extended day services offered to day pupils, for example breakfast clubs, after-school clubs, tea and supervised homework sessions.

Any extended day services for day pupils at state boarding schools, and the associated charges, must be optional. Schools cannot make attendance at and the payment of charges for extended day services compulsory.

⁷ See section 458 of the Education Act 1996.

Frequently asked questions

Q. What is a charging policy?

A. Under the charging provisions set out in legislation, governing bodies and local authorities of state funded schools may choose to charge for certain defined activities, but only if they have first drawn up charging and remissions policies. These policies should be made available to parents on request.

Q. How does this relate to academies?

A. Academies (including free schools, studio schools and university technical colleges) are required through their funding agreements to comply with the law on charging for school activities.

Q. A visit involving staying overnight has been arranged for children at my school. Can the school charge for this?

A. Where a school activity requires pupils to spend nights away from home, the school is allowed to make a charge for board and lodging. This is with the exception of pupils whose parents are receiving: Universal Credit; Income Support; Income-based Jobseeker's Allowance; Support under part VI of the Immigration and Asylum Act 1999; or Child Tax Credit (providing that they do not also receive Working Tax Credit and have an annual income, assessed by the Inland Revenue that does not exceed £16,190 FY 13/14) and an income related employment and support allowance. Since April 2003 the eligibility criteria that entitle families to an exemption from paying for the cost of board and lodging on residential visits have been aligned with free school meals eligibility criteria. The head teacher must inform all parents of the right to claim free board and lodging if they are receiving these benefits.

Q. With regard to the remission of board and lodging payments, explain who pays for the expense? Would it come out of the school budget or is there a grant available to claim?

A. Although the criteria for being eligible for the remission of charges for board and lodgings is the same as free school meals, that is where the similarity ends. The costs involved in the remission of board and lodgings are to be borne by the school from their contingency funds. There is no return to be completed to re-claim the money back.

Q. Our school has a large number of pupils eligible for free school meals. This means that they would also receive remission for board and lodgings expenses for residential visits. How can the school fund/organise residential visits?

A. Government funding for schools to each local authority recognises the different needs of each area. In terms of the allocation to schools, each local authority sets a funding formula which is agreed with the local schools forum. All local authorities are required to

include an element in their formula to reflect the needs of deprived pupils. The amount that individual schools receive from the local authority reflects their relative need compared with other local schools.

In addition, schools receive pupil premium funding for disadvantaged pupils, based largely on those who are eligible for free school meals. This funding is provided by the government to raise the attainment of eligible pupils and narrow the attainment gap between eligible pupils and their peers. It is for head teachers and school governing bodies to decide how to use their formula funding and pupil premium allocation.

Schools cannot exclude children from taking part in an activity that is part of the national curriculum purely on the grounds that the parent or carer cannot make, or refuses to make, a contribution. This can clearly place schools in some difficulty on occasions where a number of parents/carers might be in such a position. The school then has to decide whether they can cover the costs of such activity from within the budget or by fundraising, or whether the activity has to be cancelled.

If there is a residential activity taking place largely during school time, or which meets the requirements of the syllabus for a public examination, or is to do with the national curriculum or religious education, no charge may be made either for the education or for the cost of travel.

Q. Can governing bodies charge for educating children in maintained schools and academies?

A. The local authority or governing body cannot charge for education that takes place in school hours. Nor can they charge for activities that take place outside school hours if these are part of the national curriculum, necessary as part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school, or part of religious education. They can charge for permitted 'optional extras', provided they have drawn up a statement of general policy on charging and given details of 'optional extras' they intend to charge for. The governing body's policy does not have to be the same as the local authority's policy, as long as it meets the requirements of the law.

Q. Can a school charge for an activity that takes place out of school hours?

A. This kind of activity is often referred to as an 'optional extra'. Where an optional extra is being provided, a charge can be made for providing materials, books, instruments, or equipment. See advice on optional extras on page 4.

The actual charge for the optional extra cannot exceed the actual cost of the provision. Schools cannot and must not make a profit from charging for optional extras. Participation in any optional extra activity will be on the basis of parental choice and a willingness to meet the charges. Parental agreement is therefore a necessary pre-requisite for the provision of an optional extra where charges will be made.

Q. Can a school ask parents for voluntary contributions?

A. Schools may invite parents and others to make voluntary contributions to make school funds go further. All requests to parents for voluntary contributions must make it clear that the contributions would be voluntary. It should be remembered that education provided during school hours must be free. This includes materials, equipment, and transport provided in school hours by the local authority or by the school to carry pupils between the school and an activity. Governing bodies should also clearly explain that children of parents who do not contribute will not be treated any differently, and that the activity might be cancelled if insufficient contributions are received.

Q. The school has sent letters out to parents asking for contributions towards a school visit, do parents have to pay?

A. Head teachers or governing bodies may ask parents for voluntary contributions towards the cost of:

- any activity which takes place during school hours;
- school equipment; and
- school funds generally.

Children of parents who are unable, or unwilling, to contribute may not be discriminated against. However, if insufficient voluntary contributions are received to cover the cost of the visit, or activity, and there is no alternative method to make up the shortfall, then the school should cancel the activity/visit. It would be advisable to make parents aware of a possible cancellation to the activity/visit if insufficient voluntary contributions are received from the outset.

Q. Can a state boarding school make compulsory charges for day pupils?

A. State funded boarding schools **cannot** charge for education during school hours. They may however charge for extended services offered to day pupils, but this **must be optional**. Compulsory charges must never be made for extended day services including breakfast clubs, after-school clubs, evening meal and supervised homework sessions whether the pupils take up these services or not. Many maintained schools provide wraparound services but they are not part of the school day and it would be unlawful for state funded boarding schools to make wraparound services compulsory.

Q. What happens if the school is not able to raise enough voluntary contributions to cover costs?

A. Where there are not enough voluntary contributions, and there is no way to make up the shortfall, for example school funds and/or fundraising activities, then it must be cancelled. The possibility of the activity/visit being cancelled due to a shortfall in contributions should be made clear in the information sent to parents.

Q. What if a parent is unable, or unwilling to make a voluntary contribution? How does this affect their child(ren)?

A. The school cannot exclude a child from taking part in an activity that is part of the national curriculum purely on the grounds that the parent or carer cannot make, or refuses to make, a contribution. This can clearly place schools in some difficulty on occasions where a number of parents/carers might be in such a position. The school then has to decide whether they can cover the costs of such activity from within the budget or by fundraising, or whether the activity has to be cancelled.

Q. What support can a school offer a parent/carers who has difficulty making a financial contribution?

A. Schools must ensure that parents in receipt of Universal Credit, Income Support, Income Based Jobseekers Allowance, support under part VI of the Immigration and Asylum Act 1999, Child Tax Credit, provided that Working Tax Credit is not also received and the family's income (as assessed by Her Majesty's Revenue and Customs) does not exceed £16,190 (Financial Year 2013/14) are aware of the support available to them when being asked for contributions toward the costs of school visits. Some schools also have funds available to enable families in financial difficulty to send their children on visits/activities. Parents should be encouraged to speak to the head teacher in order to establish if such funding arrangements exist.

No charge may be made if there is a residential activity taking place largely during school time, or which meets the requirements of the syllabus for a public examination. In addition, if the activity is to do with the national curriculum or religious education, no charge may be made either for the education or for the cost of travel for any pupil, not just those whose parents are in receipt of benefits.

Q. What about charges for transport during school hours?

A. Any transport provided by the school in school hours must be provided free of charge (though a voluntary contribution could be requested).

Q. Can the school charge for something like cooking ingredients or materials needed for a technology lesson?

A. The school can make a charge to cover the costs of materials/ingredients for subjects such as design or food technology where parents have indicated in advance that they would like their child to bring home the finished product.

Q. Can the school charge entry fees for examinations?

A. An examination entry fee may be charged to parents if:

- the examination is on the set list, but the pupil was not prepared for it at the school;

- the examination is not on the set list but the school arranges for the pupil to take it;
- a pupil fails without good reason to complete the requirements of any public examination where the governing body or local authority originally paid or agreed to pay the entry fee.

Q. Can a school make a charge to pay for the administration required as part of the admission process?

A. Paragraph 1.9 (n) of the 'Schools Admission Code 2012' rules out requests from admission authorities for financial contributions as any part of the admissions process. Legislation prevents state funded schools from charging fees for admission or for providing education during school hours.

Q. Can a school ask for a direct debit to the school fund?

A. No. A school may ask for voluntary contributions, as long as it is clear that they are voluntary, but we are clear that state education should be free and we have no intention of changing this policy. No contributions may be sought as part of the admissions process.

Q. Can a school ask parents to contribute to (or pay in full) the cost of a tablet or computer?

A. Sections 451 and 454 of the Education Act 1996 prohibits schools from charging for education and the supply of materials, books, instruments or other equipment (this would include tablets), during school hours. However, there is no prohibition on asking parents to make voluntary contributions. Additionally there is a specific exception in the legislation which enables schools to charge for materials where the pupil's parent wishes them to own the materials. All contribution requests to parents must make clear that the contributions are voluntary and that, if a parent cannot make or refuses to make a contribution, their children will not be treated any differently and will not be excluded from taking part in any activity or related equipment.

Q. What are community facilities?

A. Schools are allowed to provide facilities that can be used by the local community, for example out-of hours/holiday childcare or swimming pool sessions. These facilities further any charitable purpose for the benefit of pupils at the school or their families, or people who live or work in the locality in which the school is situated. Academies should seek guidance from the Charity Commission if they are in doubt. Advice from the Charity Commission can be found [here](#).

Schools can charge for the use of these facilities, and a profit can also be generated, providing it is spent on the purposes of the school and or on community facilities.

Maintained schools should check the local authority's published financial "scheme" for maintained schools in their area for any rules about the carry of profit from one financial year to the next. Academies should determine fees and charges in accordance with chapter 6 of HM Treasury's Managing Public Money.

Further sources of information

Associated resources (external links)

- [Council for Learning Outside the Classroom](#)
- [The Charity Commission](#)

Other departmental advice and statutory guidance you may be interested in

- [Home to School Transport Guidance](#)

Other departmental resources

- [The Governors' Handbook](#)



Department
for Education

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