Trust Financial Regulations

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**Trust Financial Regulations**

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1. Introduction

The purpose of these Financial Regulations is to ensure that Tees Valley Collaborative Trust (the Trust) maintains and develops systems of financial control, which meet the requirements of the funding agreements in place with the Education and Skills Funding Agency (ESFA) and the Academies Financial Handbook and to ensure the prudent management of its activities.

These regulations are supplemented by Financial Procedures which should be regarded as part of the regulations.

The Financial Regulations provide rules which must be adhered to by all staff employed by the Trust who have responsibility for the management of resources or the control of income or expenditure. Compliance with these regulations is mandatory and any contravention of these must be brought to the attention of the Accounting Officer, who is the Chief Executive Officer (CEO) of the Trust. Failure to comply with any term of these Financial Regulations may result in disciplinary action being taken against the relevant staff member.

These regulations are determined by the Trust Board under power conferred by the Articles of Association. Nothing in these regulations shall supersede any provision contained in the Articles of Association, Academies Financial Handbook or the funding agreements in place with the ESFA.

Any amendments to these regulations must be considered and approved by the Trust Board, on the recommendation of the Finance and Audit Committee. There will be an annual review of the regulations by the Trust Board.

Amendments to the Financial Procedures will be considered and approved by the Extended Executive Team.

2. Roles and Responsibilities

2.1 Trust Board and Sub Committees

The Trust Board must ensure regularity and propriety in the use of the Trust’s funds, and achieve economy, efficiency and effectiveness – the three key elements of value for money. The Trust Board is responsible for overseeing and ensuring the effective financial performance of the Trust. The Trust Board is responsible for ensuring that the Trust’s funds are used in accordance with the law, its articles of association, its funding agreements and the Academies Financial Handbook.

The day to day management of the Trust is delegated to the CEO. Except when provided to the contrary, the CEO may delegate functions, but not responsibility, to other members of staff.

Individual Academy Local Governing Bodies (LGBs) are sub-committees of the Trust Board and responsibility is delegated to them in accordance with the published Scheme of Delegation. The Trust Board and LGBs are responsible for ensuring that any grant received is used in accordance with the purpose it was intended.

The Trust Board will keep under review its financial management arrangements and make amendments as necessary. The Trust’s External Auditors and Internal Auditors will advise the Trust Board via the Finance and Audit Committee where they feel such amendments are required.

2.2 Finance and Audit Committee

The role of the Finance and Audit Committee is to advise the Board of Trustees on the adequacy and effectiveness of the Trust’s systems of internal control and its arrangements for risk management, control and governance processes and securing value for money.

The Finance and Audit Committee is responsible for monitoring, reviewing and ensuring compliance with the Trust Financial Plan and Academies Financial Handbook.

The Financial Regulations will be reviewed annually by the Finance and Audit Committee and updated as necessary in response to both internal and external review.

2.3 The Accounting Officer

The Accounting Officer of Tees Valley Collaborative Trust is named as the Trust’s CEO. The role of the Accounting Officer includes specific responsibility for financial matters. It includes a personal responsibility to Parliament, and to the ESFA’s Accounting Officer, for the financial resources under the Trust’s control.

The Accounting Officer is responsible to the Trust Board for preparing annual estimates of income and expenditure, for consideration by the Trust Board and for the management of resources within estimates approved by the Trust Board.

The Accounting Officer is responsible for informing the Trust Board of any non-compliance with the general principles of regularity and propriety.

While the Accounting Officer is responsible for the Trust’s financial affairs, for keeping proper financial records and for the management of opportunity and risk, the delivery of the Trust’s detailed accounting processes are delegated to the Chief Financial Officer.

2.4 The Chief Financial Officer

The Chief Financial Officer (CFO) is appointed by the Trust Board. The Trust Board delegates its responsibility for detailed financial procedures to the CFO.

The CFO is responsible to the CEO for advising on the financial aspects of the Trust’s policies and on the financial administration of the Trust and for ensuring that the Trust has satisfactory systems of financial control and management, as set out by the Trust Board.

The CFO is responsible to the CEO for preparing annual statements of account and other financial returns required by ESFA for the Trust. The accounts will be prepared in accordance with guidelines issued by the ESFA and conform to recommended accounting practice. They are to be presented by the CFO to the Trust Board for formal approval and for signature by the Chair of the Trust Board.

The CFO shall, on behalf of the Trust Board, have responsibility for the financial information systems and provide appropriate information to the Trust Board and Local Governing Bodies on the progress of performance against financial plans.

The CFO shall lay down accounting instructions and procedures to be operated within the Trust to ensure that the Trust’s financial affairs are properly administered and have accountability for changes to any financial system or procedure which may be adopted by the Trust.

2.5 Principals, Head Teachers and Heads of Centre

It is the responsibility of Principals, Head Teachers and Heads of Centre, under the direction of the Trust Board and Local Governing Body to:

* Ensure full compliance of the Academy with Tees Valley Collaborative Trust, DfE and ESFA financial regulations.
* Ensure that Academy staff clearly understand their role and the limits of their financial responsibilities.
* Ensure that budgetary limits approved by the Trust Board are not breached.

2.6 Budget Holders

The CEO is empowered to designate members of staff as Budget Holders. Budget Holders are responsible to the CEO for ensuring that the action they take is in accordance with these Financial Regulations.

Budget Holders are responsible to the CEO for the control of expenditure from the budgets delegated to them. They are responsible for the day to day management of their budgets and have the following responsibilities:

* Authorising expenditure against their budget.
* Monitoring expenditure and commitment of expenditure during the year with reference to the budget for the year.
* Comply with the Trust Financial Regulations and Procedures.
* At such times in each financial year as required by the CFO to review the whole or part of their services, activities and assets and prepare a report thereon. The report shall identify any matters which will be relevant to the formulation of policy on the use of resources in the succeeding three years or such period specified by the CFO.
* Shall not wilfully cause or allow expenditure to exceed the sum of its financial allocation.
* Shall not incur expenditure in such a way to as to commit the Trust to an increase in resource or otherwise increase expenditure in subsequent years except to the extent authorised by the CEO.
* Shall not cause or allow expenditure on capital items except with the prior approval of the Director of Resources, unless those items are of a specialist nature to the Budget Holder’s area of responsibility.
* Must report immediately to the CFO if the delegated budget becomes or is expected to become overspent.
* May not carry forward any underspent balance from one financial year to the next, unless the carry forward is expressly approved by the CFO.
* Optimise use of all common supplies and services provided by the Trust.
* Shall at all times endeavour to make the most efficient and effective use of resources. Budget Holders shall identify any asset that is surplus to its requirements and inform the Director of Resources of such surpluses.
* Shall not dispose of any items of capital expenditure without the prior consent of the Director of Resources.
* Ensure that all staff that they line manage immediately notify the Budget Holder of any suspected or identified irregularity affecting cash, stock or any other property of the Trust and immediately bring any such matter to the attention of the CFO.
* Bring to the notice of the CFO all insurable risks whether to property or otherwise, arising from carrying out the relevant department’s functions.
* Maintain effective control of assets within their area of responsibility.
* Bring to the immediate attention of the Director of Resources any losses or damage which may affect the Assets Register or insurance interests.
* Budget holders shall receive reports on expenditure on a monthly basis from the Finance Department within two working weeks of the month end.

Budget Holders are not authorised to commit expenditure for the refurbishment, redecoration or purchase of furniture without the prior approval of the Director of Resources.

Budget Holders are not authorised to commit expenditure for IT or similar hardware or computer software without the prior approval of the Director of Resources.

In all cases, approval will be evidenced by counter signature (manual or electronic) by the Director of Resources on the relevant document (usually requisition).

2.7 The Senior Leadership Teams

The Senior Leadership Teams shall not wilfully cause or allow expenditure to exceed the sum of its financial allocation, including any amounts made available for contingencies, as determined by the Trust Board.

The Senior Leadership Teams shall not:

* Incur expenditure in such a way as to commit itself to an increase in resource or otherwise increase expenditure in subsequent years, except to the extent authorised by the Trust Board.
* Cause or allow it’s expenditure on capital items to exceed the amounts made available, except to the extent authorised by the Trust Board.
* Enter into any borrowing arrangement, except where authorised by the ESFA/DfE, where appropriate, and the Trust Board, and in line with the requirements of the Academies Financial Handbook.

If any line of the Senior Leadership Teams estimates becomes, or is expected to become, overspent, the Senior Leadership Teams must take corrective action, using the diversion provisions contained in section 3.1 Virement or as below. If proposals to divert money from one capital scheme to another require the approval of the Trust Board, this can only be enacted provided that:

* All necessary statutory approvals are obtained.
* The diversion does not increase the Trust’s revenue liabilities.
* The project to which it is proposed to divert the money is already in the approved programme for future years and has been the subject of a project appraisal approved by the Trust Board,

Or

The proposal is accompanied by a project appraisal and such appraisal is approved by the Trust Board prior to the diversion being made.

The Senior Leadership Teams will at all times endeavour to secure the best value for money and to this end will:

* Establish wherever possible cost limits and centres for its various services and functions
* Define the limits of financial responsibility of each Budget Holder authorised to incur expenditure on its behalf
* Establish controls and provide information to secure the observances of such limits
* Make full use of common supplies and services provided by the Trust
* Encourage the use throughout its departments of effective management techniques.

The Senior Leadership Teams shall, at such times required by the Trust Board, review the whole or specified parts of the Trust’s service and activities and prepare a report thereon. The report shall identify any matters which will be relevant to the formulation of policy or the use of resource in the following three years, or such period specified by the Trust Board.

The Senior Leadership Teams shall, at such times required by the Trust Board, prepare a programme for the development of its service for the succeeding years, in accordance with any policy or financial guidelines determined by the Trust Board. The report to Trust Board will include estimates of the capital and revenue resources required to implement those programmes. These capital programmes should conform with the requirements of the ESFA and these financial regulations regarding capital expenditure. Such capital programmes should be submitted to the Trust Board and shall, as required, be accompanied by:

* A feasibility study, detailing the solutions to the problem with different solutions being identified and a preferred solution being recommended. And /or
* A project appraisal, detailing the examination of the content, manpower implications and relevant priority of individual capital proposals.

The Trust Board shall, after considering the appropriateness and cost of the programme, where appropriate recommend provisional revenue resources allocations for the following year, capital programmes or activities. The Trust Board may also require that any agreed programme is reviewed in the succeeding year to consider its efficiency and effectiveness.

3. The Budget

The CEO is responsible for the preparation of annual estimates of income and expenditure for each Academy within the Trust. The annual estimates shall be considered in detail and approved by the Trust Board, including a capital programme for the following year.

The annual estimates will be presented by the CEO to the Trust Board in a form approved by the Trust Board and in accordance with a timescale approved by the Trust Board. The Trust Board shall not delegate the approval of the annual estimates of income and expenditure. The Trust Board will be asked to determine by resolution, the approval of the Budget. Once the Trust Board has approved the Budget, the CEO is authorised to incur revenue expenditure in accordance with the Financial Regulations. The CEO is accountable to the Trust Board for effective budgetary control within the approved capital and revenue budgets.

The inclusion of any capital expenditure in the Budget, approved by the Trust Board, shall confer authority to the CEO to incur expenditure on such capital items unless:

* The Trust Board requires a further project appraisal, or
* The cost, or estimated cost of land, fees, construction, equipment, furnishing or any other component of the project will exceed the estimates of expenditure used in the project appraisal or capital budget approval process, except where the excess is within the limits set out by the Trust Board from time to time in any scheme for controlling and monitoring capital expenditure, or
* The Trust Board so determine, or
* Any necessary funding body or other approvals have not been received.

The CFO is required to prepare monthly management accounts and share these with the Trust Board. The management accounts will be prepared within 10 working days of the month end and distributed with members of the Senior Leadership Teams. The report will contain detail of actual income and expenditure in comparison to budget for the month and year to date, as forecasts for the full year. Variances between budget and actual will be highlighted and explained, as well as changes in the full year forecast month to month. The report will also contain a balance sheet for the current and previous month, as well as the previous year end and forecast current year end. Ratios and other indicators that are pertinent in interpreting the reports will be included, along with a twelve month rolling cash flow forecast. Separate reports on any other activities of the Trust will be included if material to the financial position of the Trust. These reports will be presented to the Local Governing Body / Trust Board at their meetings as required.

3.1 Virement

The CEO is permitted to exercise virement between all budget headings (except any specifically excluded by the Trust Board) provided:

* The amount involved does not exceed £75,000 in respect of any one proposal or related series of proposals.
* The action does not involve the Trust in any additional financial commitment in excess of £20,000 in respect of any subsequent year.
* No such diversion shall be made of expenditure on loan charges or any form of taxation.
* No such diversion shall cause another line in the budget to become overspent.

Virement in excess of £75,000 or involving additional commitments in excess of £20,000 in respect of subsequent years shall be subject to the approval of the Trust Board.

Virement which will affect the estimated surplus or deficit approved by the Trust Board must itself be approved by the Trust Board.

4. New Ventures or Projects

The Trust Board shall determine whether to proceed with new ventures or projects (defined as any substantial arrangement entered into for business purposes, whether extending the Trust’s provision or of a commercial nature). The Trust Board is to be informed at least termly of the progress of new ventures. The internal audit function of the Trust shall be informed promptly of any new ventures and shall discuss with the Senior Leadership Teams and the Finance and Audit Committee as appropriate, whether arrangements in place for such ventures require immediate audit.

Projects funded by the ESFA or otherwise essentially of an educational nature and within the normal remit of the Trust shall require approval by the Trust Board if the estimated potential maximum financial loss to the Trust is over £250,000.

Other projects of a commercial nature require approval by the Trust Board if the estimated potential maximum financial loss to the Trust is over £125,000.

These approvals by the Trust Board must be obtained before commitment is made.

5. Procurement

5.1 Value of Order Requirements (Gross of VAT)

The procedures for obtaining estimates shall be as follows:

\*Up to £3,600 The Budget Holder should use good sense as to the need to obtain information in addition to

 an estimated price from one supplier.

\*Over £3,600 Three written quotations are required and the purchase requisition requires the CEO’s authorisation. Written justification is required if accepting a quote other than the lowest.

Over £24,000 The purchase requisition requires authorisation by the Trust Board.

Over £48,000 The purchase order requires formal tendering.

\*Given the nature of budgets the Director of Resources is responsible for (often higher expected cost), the threshold at which three written quotations are required is set at £4,800.

5.2 Preferred Supplier Lists

Where a purchase requisition is requested using a supplier on the current IT or Estates preferred supplier list, then no other quotes are required. The preferred supplier list will be reviewed and updated annually by the Director of Resources to ensure that the suppliers listed are still offering the Trust best value for money.

5.3 Procurement Thresholds

Following Brexit, the UK government issued a green paper on proposals for the reform of public procurement. The consultation on this paper closes in Mid-March 2021.

Current UK thresholds for public sector bodies remain in line with EU thresholds:

Supplies and Services £189,330

Works £4,733,252

N.B In addition, the Public Contracts regulations 2015 details “light touch regime rules” for certain social, health and education services that tend to be of lower interest to cross border competition. Catering is one example of this, and the Light Touch Threshold is £663,540 over life of contract.

In order to assess whether ongoing supply requirements or service contracts will exceed the threshold, the total value over the life of the contract or period of supply should be calculated. E.g. spend of £50k per annum on a contract over 4 years will exceed the threshold.

For tenders over the threshold, the procurement must now be advertised on the new UK e-notification service “Find a Tender” instead of OJEU (unless we use a compliant framework established by a central purchasing body such as CPC). As previously, all communication and information exchanged in the processes must be carried out electronically including the submission of tenders, using an e-tendering system.

If the expected value does not exceed, but is close to, the threshold amounts, it is considered best practice to still ensure that the procurement process adheres to Public Contracts regulations in order to ensure a fair and transparent process and to achieve best value for money for the Trust.

5.4 Service Contracts

Where major service contracts come up for renewal, the expected value of the new contract should be calculated to identify whether or not the value exceeds procurement thresholds. If so, a formal compliant tender process should be conducted. If the Trust has access to an compliant framework agreement, for example, a Crescent Purchasing Consortium framework, then a further competition using the framework may be used as an alternative to a full tender. Using an compliant framework is often the preferred option as it is a less onerous process that can be completed in a shorter space of time than a full tender.

Senior Leadership Teams need to ensure that any framework offers a satisfactory selection of suppliers before using it, as any further competition tender must only involve those suppliers on the framework and it is not permitted to invite other suppliers to participate in the tender alongside framework suppliers.

Where the value of a service is expected to be over £10,000 in any one financial year, a written contract between the Trust and the service provider is required. Written contracts are recommended in all cases, irrespective of the value of the service.

Details of all contracts are to be held on the central Contracts Register, which is maintained by the Finance Assistant (Procurement). Copies of all contract documentation is kept in the contracts file in the Finance Office at Prior Pursglove College.

5.5 Building Works

When a building works contract is subject to a bid by tender, the tenders shall be evaluated by a group including at least one of each of the following: member of the Senior Leadership Teams, Trustee or Governor, representative of the managing agents if appropriate. The deliberations and conclusions of this process shall be recorded and retained. If the approved tender is within the budgeted sum approved by the Trust Board and there are no other significant variations from the project as approved, then a contract with the approved tenderer may be signed by a member of the Senior Leadership Teams.

The Senior Leadership Teams shall ensure that it controls capital projects with a view to ensuring that it attains the objectives stated for the project, value for money and adherence, as near as possible, to the timetable for completion. To that end it shall:

* Provide the opportunity for the Trust Board to examine in detail the design proposals for projects.
* Ensure that details of building tender documents are available to the Trust Board and given the opportunity to compare estimates of the Bills of Quantities with the original design cost analysis
* Allow the Trust Board to compare details of tenders received with the approved estimate based on the original design cost analysis in order that Trustees are able to approve the decision resulting from the tender process.
* Ensure that the Trust Board is able to monitor the progress of capital projects through reports at their regular meetings.
* Ensure that the Trust Board receives a report when the total cost of a project varies by the lower of £30,000 or an amount agreed by Trustees at the inception of the project from the approved estimate. Any report required under this section shall identify the contingency provision including inflation within the tender and indicate how this relates to the increase in cost being reported.
* Ensure the Trust Board receives reports on:
	+ The projected final cost on practical completion of the contract compared with the approved estimate,
	+ Any dispute with the contractor,
	+ The completion and amount of the final account.
* Ensure that the Trust Board receive a report on the success or otherwise of the operation of the project after it has become fully operational.

5.6 Tender Opening and Acceptance

When a contract is subject to bid by tender, suppliers will be instructed to submit tenders in unmarked envelopes for the attention of the Finance Assistant (Procurement), if not over the EU procurement threshold and therefore submitted via an e-tendering system. Tenderers and Trust staff will be instructed not to mark, or make distinctive in any way the completed, sealed tenders. Tenders shall be opened in the presence of a senior leader of the Trust and the Finance Assistant (Procurement) and, where appropriate, representatives of the managing agents. Further procedures on opening and consideration of tenders shall be agreed between the Trust and its managing agents from time to time. A log of tenders received will be made. The basis of accepting any tender other than the lowest price shall be minuted and in the case of formal and EU tenders and framework further competitions, evidence of evaluation and discussion will be recorded so as to provide scoring and feedback information to unsuccessful bidders.

6. Payments

The Trust will seek to make payments in a timely fashion. The Trust has regard for its position in the local community and its responsibility to suppliers in the local area. The Trust shall also seek to obtain early payment discounts where possible and generally maintain good relationships with all suppliers regarding payments.

6.1 Government Procurement Cards

The Trust shall allow Government Procurement Cards to be obtained from the Trust’s bankers, in the names of selected Budget Holders and other members of staff as approved by the CEO.

Holders of Government Procurement Cards will be authorised to make purchases on behalf of the Trust, subject to transaction and credit limits agreed by the CEO and CFO, without having that purchase authorised in advance.

7. Salaries and Staff Expenses

The CEO or her appointed nominee shall appoint permanent staff where financial provision has been made in the approved budget. The CEO or her appointed nominee may also appoint temporary staff, where budgetary provision is available to meet the cost. The CEO or her appointed nominee shall be responsible for the maintenance of all personnel records and for the provision of relevant information to enable all salaries and other emoluments to be paid.

The preparation of payroll and the payment of salaries and other emoluments to employees of the Trust shall be the responsibility of the CFO and will be based upon information supplied by the HR Officer. All remuneration payments must be made through the Trust payroll unless an alternative arrangement has been made in writing with the CEO. Overtime records or other pay documents shall be in a form agreed by the CEO and shall be certified by such officers of the Trust as authorised by the CEO. All employees shall be paid according to the Trust salary scales or other mechanisms agreed by the Trust Board.

The CFO is responsible for the prompt and accurate discharge of all deductions from salaries to the statutory or other relevant bodies.

Submissions of payroll variations to the payroll bureau will be reviewed and authorised by two members of the College Senior Leadership Team each month. Two members of the College Senior Leadership Team will also review the copy payroll to satisfy themselves of the accuracy of treatment in certain areas, e.g. starters and leavers. These reviews will be evidenced by signature on the input sheets and BACS transfer report respectively.

All letters of appointment or variations in conditions of service must be issued by the CEO or her appointed nominee. The CEO will ensure that there are satisfactory arrangements in place to notify payroll services of all commencements, variations and terminations.

Claims for expenses incurred by staff in carrying out official duties shall be submitted on approved expense claim forms and reimbursed through the purchase ledger. When a private car is used on Trust business, mileage will be paid at the prevailing HMRC rate. When a journey is undertaken by public transport, the Trust will reimburse the actual cost of the journey. Travel by rail should be made by standard class.

Expense claims shall be authorised by the line manager of the individual claiming, or by the Chair of the Trust Board in the case of the CEO.

8. Members, Trustees and Governors Expenses

Claims for expenses incurred by Members, Trustees or Local Governors in carrying out official duties shall be submitted on approved expense claim forms and authorised by the CEO. When a private car is used on Trust business, mileage will be paid at the prevailing HMRC rate. When a journey is undertaken on public transport, the Trust will reimburse the actual cost of the journey. Travel by rail should be made by standard class.

9. Substantial Costs for Travel and Accommodation

First class, business class or other non-economy air travel must be approved by the Trust Board in advance of travel. Comparative costs of the different classes of travel and the full reasons for the choice of class must be presented in writing to the Trust Board.

A report must be made to the Trust Board of the benefits accruing from staff members, Trustee or Governor travel which incurs significant expenditure.

10. Cars and Vehicles

The Trust shall not purchase or enter into any form of long term hire for, a car or other vehicle for the sole or main use of any member of staff, Trustee, Governor or any other person. Vehicles owned or on hire to the Trust shall be left at Trust premises every night, other than when on some overnight authorised activity, for example a student trip.

11. Gifts and Hospitality

A policy on gifts and hospitality is included as Appendix 1 to these regulations.

12. Income

The CFO is responsible for the security and prompt banking of all monies received.

All requests for payment for goods or services provided by the Trust should be by official Trust invoice, generated through the Trust finance system, in a form agreed by the CFO.

Income for group trips or similar functions should be invoiced via ParentPay. The trip organiser is responsible for ensuring that those students booked to attend are invoiced and that monies are collected. The trip organiser shall report to the CFO or designated deputy in reconciling amounts received to persons attending the trip or function. Note also the requirement to consider insurance requirements when arranging functions out of Academy premises. The CFO must be consulted to ensure that all reasonably identifiable potential liabilities are adequately covered.

12.1 ESFA Income

The CFO is responsible for the correct recording of funding body receipts received by direct bank transfer.

12.2 ESFA Clawback

The CFO will complete a reconciliation of ESFA income against financial performance reported in the ILR during the Autumn Term, for the previous academic year. Any clawback identified will be reclaimed by the ESFA in the following Spring Term.

12.3 Debt Recovery

Appropriate debt recovery procedures shall be determined by the CEO in discussion with the CFO.

The authority for writing off bad debts is as follows:

 Debts over £2,000 Requires Trust Board authorisation

 Debts below £2,000 Must be reported to the Finance and Audit Committee

13. Treasury Management

The Trust has restricted the strategy and parameters surrounding the investment of surplus funds to the placing of funds with relevant institutions and spreading risk. This policy was approved in December 2019 by the Trust Board and is implemented by the CFO whilst having full regard for the liquidity needs and risk management strategy of the Trust over the period of the prospective investment.

The CFO shall have delegated power to invest funds with the Trust’s banking facilities on a day to day basis in accordance with this policy.

The CFO shall report to the Trust Board concerning material decisions taken since the previous meeting.

The Trust must obtain the ESFA’s approval for borrowing, in line with the requirements of the Academies Financial Handbook. Any borrowing via schemes that are available to the Trust and approved by the Secretary of State via the Academies Financial Handbook, such as the Salix scheme, must be authorised by the Trust Board.

14. Banking

All arrangements with the Trust’s bankers concerning the Trust’s bank accounts and the issue of cheques or other financial instruments, shall be made by the CFO on behalf of the Trust.

No other department or group shall be empowered to operate a bank account in the name of the Trust or related activities and no cheques or financial instruments made payable to the Trust shall be endorsed or credited to any other account.

The appointed bankers are authorised to honour the signatures of the following employees of the Trust on all documents relating to the Trust’s accounts:

* CEO
* CFO
* Principal (Prior Pursglove and Stockton Sixth Form College)
* Director of Resources
* Deputy Finance Manager

Two signatures or equivalent electronic unique identifiers will be required on all cheques or other financial instruments (e.g. BACS transfers).

The provision of banking services should be subject to review every three to five years, last reviewed December 2019.

15. Petty Cash

Petty cash floats will be maintained as considered appropriate from time to time and as specified in the Finance Procedures. No single petty cash float will exceed £400 and all petty cash floats will not exceed £1,000 in total.

Payments from petty cash must be properly certified and will be limited to minor items of expenditure not exceeding the amount set out in the Finance Procedures.

No payments should be made through petty cash which could be paid through the normal creditor payments route unless by the specific authority of the CFO.

Details on the control and workings of the petty cash system may be found in the Finance Procedures.

16. Trust Seal

The Seal of the Trust shall be kept by the CFO.

Use of the Seal must be authenticated by either the Chair or the Vice-Chair of the Trust Board and by any other member of the Trust Board.

Each use of the Seal must be recorded on a book maintained for the purpose and reported at the next meeting of the Trust Board.

17. Register of Business Interests

The Trust maintains a register of business interests to document the relevant business and pecuniary interests of Members, Trustees, Local Governors and Senior Employees, and their family members, including:

* Directorships, partnerships and employments with businesses that provide goods or services to the Trust;
* Trusteeships and Governorships including at other educational institutions and charities irrespective of whether there is a trading relationship with the Trust.

The Trust will publish on its website the relevant business and pecuniary interests of Trustees, Local Governors and Members.

18. Nominal Ledger

Other than for the purpose of interrogation, access to the nominal ledger is to be restricted to members of the Finance Team. There will be no independent authorisation of nominal ledger journals other than by the CFO or the Deputy Finance Manager.

19. Insurances

The CEO or her appointed nominee shall, within the policies determined by the Trust Board, effect such insurances as are from time to time considered necessary to cover risks to which the Trust is exposed and shall negotiate and recover claims as necessary.

The CFO shall keep a register of all insurances effected by the Trust and the property and risks covered.

Any member of Trust staff intending to organise any venture outside of the normal curriculum and/or hours and/or premises of the Trust or being aware of any similar risk affecting insurance cover, must consult the CFO immediately to consider the insurance implications arising. Such activities must not be pursued unless confirmation is received from the CFO that relevant insurance cover is provided.

20. Taxation

The Trust is registered for VAT. The CFO is responsible for ensuring that VAT returns are completed and submitted to HMRC in a timely manner and that all payments of VAT are made to HMRC in the required timescales.

The Trust may be liable for Corporation Tax on any profit-making activities that it undertakes. The CFO is responsible for ensuring that any liabilities in this area are identified and reported accurately to HMRC.

21. Assets

The CEO shall be accountable for maintaining proper security of all buildings, furniture, equipment, plant, stores and all other assets of the Trust and shall ensure that such assets are recorded on a register or otherwise in such a manner as may be required by the Trust, having taken into account of directives, requirements and guidance issued by the ESFA, including the Academies Financial Handbook.

Assets should be included in the asset register immediately on receipt and where appropriate, they should be clearly and permanently marked as the property of the Trust.

It is the responsibility of the CFO to see that a periodic check of assets is made against the asset register.

Trust property must not be removed from Trust premises other than in accordance with the ordinary course of the Trust’s business or used other than for the Trust’s purposes, except in accordance with specific directions issued by the CEO.

The disposal of any assets may only be made at the directive of the Director of Resources, and the manner of the disposal must take account of any directives, requirements and guidance issued by the ESFA, including the Academies Financial Handbook. Disposal of freehold land, buildings and heritage assets requires approval by the ESFA.

Servers, PC and other high value IT equipment shall be subject to continual inventory control by the IT department. PCs shall be allocated a unique identifier by IT on arrival.

22. Document Retention

Primary documentation relating to the financial management of the Trust will be retained in accordance with guidance from the ESFA, best practice, GDPR and the Trust’s Data Retention Policy.

Primary documentation includes purchase and sales invoices, records of cash received and paid, journals and copy payroll. Schedules required to relate primary documentation to final documentation such as annual financial statements and funding returns must also be retained.

Certificates of Employer’s Liability Insurance will be retained for forty years.

The Trust will dedicate sufficient storage space to allow retention to be efficiently performed, with particular reference to the differing time requirements involved.

23. Audit

The Trust’s accounts, financial records, operations and systems shall be subject to audit in accordance with best practice and with the directives and requirements of the ESFA.

External Auditors will be appointed by the Members, on the recommendation of the Finance and Audit Committee, through the Trust Board, in accordance with the requirements of the Academies Financial Handbook. The External Auditors have the right of access to any minutes, books, documents or other information kept by the Trust. A detailed audit report will be prepared for consideration by the Finance and Audit Committee / Trust Board and for submission to the ESFA.

Internal Audit is responsible to the Trust Board, through the CEO, for maintaining an audit of all aspects of the Trust’s financial affairs and other activities associated with the Trust, including those not funded by the ESFA. Internal Audit have the right of access to any minutes, books, documents or other information kept by the Trust and also have the right of access to the Chair of the Trust Board and any Trust members of staff. Internal Audit will submit reports on the Trust’s activities to the Finance and Audit Committee, including an annual report which shall be suitable for submission to external parties, e.g. ESFA.

Terms of reference for the Trust Internal Audit function are set out in Appendix 2 to these regulations.

**Appendix 1**

**Policy on Gifts and Hospitality**

1. As a member of staff, Trustee or Governor you should treat with extreme caution any offer of gift, favour or hospitality that is made to you personally, particularly by persons or organisations who provide (or might provide) work, goods or services to the Trust.

2. You should not, directly or indirectly, accept any gift or benefit of any kind from any member of the public or outside organisation with whom you are brought into contact with by reason of your duties, other than modest gifts or gifts of a promotional nature given to a wide range of people (such as calendars, diaries, ballpoint pens or similar items). These gifts must not have a value in excess of £40. All other gifts must be politely refused or returned without delay.

3. The Bribery Act 2010 states that genuine hospitality or promotional expenditure which is proportionate and reasonable given the type of business an organisation operates in is unlikely to be caught by the Act. Trust policy is that hospitality may be accepted to a higher value, to an estimate of £100. This limit is intended to include invitations to corporate hospitality events such as football matches, theatre evenings etc for a member of staff, Trustee or Governor only.

4. All gifts and offers of gifts (except promotional materials as detailed above) must be recorded in full in the register of gifts and hospitality maintained by the Clerk to the Trust Board. The register is available for inspection by the CEO, Senior Managers, Members, Trustees, Governors and external regulators.

This policy is part of the Trust’s Financial Regulations.

**Appendix 2**

**Terms of Reference for the Trust Internal Audit Service**

1. The role of the internal audit service is to provide the Trust with an independent assessment of whether systems and controls are working properly to achieve the Trust’s objectives. It is a key part of the Trust’s whole system of internal control because it measures and evaluates the adequacy and effectiveness of other controls so that:
* The Trustees and senior managers can know the extent to which they can rely on the whole system of internal control of the Trust.
* Individual managers can assure themselves that the systems and controls for which they are responsible are reliable.
1. The internal audit service is appointed by the Trust Board for a term of 3 to 5 years. This is subject to satisfactory annual review by the Finance and Audit Committee and recommendation to the Trust Board. Remuneration will be fixed by the Trust Board on the advice of the Finance and Audit Committee. A new competition for the selection of the internal audit service must be considered at least every five years, with due regard to current best practice as laid down by the ESFA and Academies Financial Handbook.
2. The work of the internal audit service must embrace the whole system of internal control of the Trust including all its activities and all its locations, funded from whatever source. The internal audit service will consider the adequacy of systems and controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It shall seek to confirm that management have taken the necessary steps to achieve these objectives.
3. The whole system of internal control of the Trust examined by the internal audit service shall be construed to mean all those systems that secure achievement of the Trust’s entire set of strategic objectives, as expressed in it’s strategic plan.
4. The systems of control subject to the internal audit service’s work shall include those systems of control operated by:
* All Trust subsidiary or associated companies
* The Trust’s partners in collaborative provision
* Contractors of the Trust that provide any service that handles or processes Trust finances or management information in any form.
1. It is not within the remit of the internal audit service to question the appropriateness of policy decisions. However, the internal audit service is required to examine the management arrangements of the Trust by which such decisions are made, monitored and reviewed.
2. The internal audit service may also conduct any special reviews requested by the Trust Board, Finance and Audit Committee or CEO, provided such reviews do not compromise its objectivity, independence or achievement of its plan to audit the whole system of internal control. Such special reviews should be approved by the Trust Board in advance of their performance, on the recommendation of the Finance and Audit Committee.
3. The internal audit service is required to prepare an annual report to the Trust Board, through the Finance and Audit Committee, giving an opinion on the adequacy and effectiveness of the Trust’s system of internal control and the extent to which they can rely on it.
4. In order to provide the required statement of assurance, the internal audit service will undertake a programme of work over a cycle authorised by the Trust Board, on the advice of the Finance and Audit Committee, to achieve the following objectives:
* To review and appraise the soundness, adequacy and application of the whole system of internal control.
* To ascertain the extent to which the whole system of internal control ensures compliance with established policies and procedures.
* To ascertain the extent to which the assets and interests entrusted to, or funded by, the Trust are properly controlled and safeguarded from losses of all kinds.
* To ascertain that management information is reliable as a basis for the production of financial, statistical and other returns.
* To ascertain the integrity and reliability of information provided to management including that which is used in decision making.
* To ascertain that systems of control are laid down and operate to achieve the most economic, efficient and effective use of resources.
1. The internal audit service’s work shall by performed in accordance with any requirements of the funding bodies, including the Academies Financial Handbook and the ESFA Audit Code of Practice including its supplements. The work must comply in all material aspects with the Government standards for internal audit.
2. In achieving its objectives, the internal audit service should:
* Identify all systems and controls on which management proposes to rely and plan to review them over a cycle.
* Evaluate these systems and controls, identify inappropriate or inadequate controls and recommend improvements in procedures or practices.
* Ascertain that systems and controls have been established and are working to achieve the most economic, efficient and effective use of resources
* Draw attention to any apparently uneconomical or otherwise unsatisfactory results flowing from management decisions, practices or policies.
* Liaise with External Auditors and with the funding body’s audit service if required.
1. The funding body’s audit service may wish to place reliance upon the work of the Trust’s internal audit service. Liaison is necessary for the funding body’s audit service to form this opinion and should not normally give rise to additional fees.
2. The internal audit service has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. It may provide advice on control related matters subject to the need to maintain objectivity and resource constraints.
3. The Finance and Audit Committee shall advise the Trust Board on all matters concerning internal control. Within the Trust, responsibility for the whole system of internal control rests fully with management, which should ensure that appropriate and adequate arrangements exist without reliance on the internal audit service. In order to preserve the objectivity and impartiality of the internal audit service’s professional judgement, responsibility for implementing audit recommendations rests with management.
4. The internal audit service has rights of access to all Trust personnel, premises, documents, records, information, assets, its companies and collaborative partners, and is authorised to obtain such information and explanations which the internal audit service considers necessary to fulfil its responsibilities.
5. The CFO has responsibility for overseeing the work of the internal audit service.
6. The internal audit service has right of direct access to the Chair of the Finance and Audit Committee and the CEO. The internal audit service should submit an audit needs assessment, a strategic plan audit, an annual audit plan and an annual audit report to the Trust Board for approval, following consultation with the CEO, CFO and after consideration by the Finance and Audit Committee.
7. The person leading the internal audit service is accountable to the CEO and the Trust Board through the Finance and Audit Committee for the performance of the service. The internal audit service reports audit results to the CFO. The internal audit service will draw the attention of the Finance and Audit Committee to significant findings or recommendations.
8. The internal audit service shall produce its report, usually within one month of completion of each audit, giving an opinion on the area reviewed and making recommendations where appropriate. Recommendations should be prioritised. All reports should be provided to the CFO, who will liaise with heads of services and the Senior Leadership Teams to provide a response to each audit report. The response should state, for agreed recommendations their proposed action, the person responsible for implementation and a date by which the action will be completed. Material recommendations will usually be followed up six to twelve months later. In addition, the Finance and Audit Committee will monitor the implementation of audit recommendations by management.
9. The internal audit service’s annual report to the Trust Board should include:
* A statement of the extent to which the Trust Board can rely on the whole system of internal control of the Trust
* An analysis of common or significant weaknesses arising
* A comparison of the internal audit service’s activities during the year with that planned, placed in the context of internal audit need.
* Details of any major audit findings where action appears to be desirable but has not been taken and so needs to be brought to the attention of the Trust Board.
* The extent of achievement of any objectives (including targeted performance indicators) which may have been agreed for the internal audit service.
1. The internal audit service should report to the Chair of the Trust Board, without delay, any serious weakness, significant frauds, major accounting or other control breakdowns.
2. The internal audit service will liaise with the external auditors and if required, the funding body’s audit service.
3. The internal audit working papers are the property of the Trust. In the event of a change in internal audit service provider, the outgoing provider will surrender all audit working papers to the Trust. Arrangements should be made for the outgoing internal audit provider to meet with the incoming provider where appropriate.
4. The Trust Board may, by resolution, remove the internal audit service before its term of office expires, notwithstanding any agreement between the internal audit service and the Trust.