

PENRYN COLLEGE

Scheme of Delegation and Financial Procedures

Approved by: Finance, Premises & Audit Committee – February 2023

Responsible SLT member: Operations Lead

To be reviewed: February 2024

Published: Virtual School, Governors' Handbook

v1.0-092023

Contents

1. Introduction
 2. Organisation of responsibility and accountability (Scheme of Delegation)
 3. Charge Cards Policy
 4. Business and Pecuniary Interests
 5. Financial Planning
 6. Payroll
 7. Purchasing
 8. Income
 9. Cash Management
 10. Asset Management
 11. Internal Financial Control
 12. Insurance
 13. Fraud and Corruption
 14. Gifts and Hospitality
 15. Money Laundering
- Appendix 1 – Anti-Fraud and Corruption Policy Statement
- Appendix 2 – Money Laundering Policy Statement

1. INTRODUCTION

The purpose of this document is to ensure that the Academy maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management and working practices as outlined by the Education & Skills Funding Agency (ESFA) and the Department for Education & Skills (DfES).

This document should be read by all staff involved with financial systems.

2. ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY

Penryn College has defined the responsibilities of each person involved in the administration of Academy finances to avoid duplication and omission of functions and to provide a framework of accountability for governors and staff.

OVERALL MANAGEMENT RESPONSIBILITIES	
Governing Body	<p>The Governing Body has overall responsibility for the administration of the Academy's finances. The main responsibilities include:</p> <ul style="list-style-type: none">• Ensuring that the grant from the ESFA is used only for the purposes intended;• Approval of the annual budget;• Appointment of the Headteacher;• Appointment of the Chief Financial Officer and the Director of Operations, in conjunction with the Principal;• Establishing limits of delegated authority;• Establishing clear channels for reporting financial matters to the Governing Body, including the formation of a Finance, Premises & Audit Committee;• The Chair or Vice Chair to approve virements as necessary to plan the school budget in accordance with the priorities as set out in the school improvement plan;• With the Headteacher approve the sale, write off, rent or lease of any assets up to £10,000;• Written approval must be obtained from the DfES for the disposal of any asset for which capital grant in excess of £20,000 was paid.
Finance, Premises & Audit Committee	<p>The Finance, Premises & Audit Committee (FP&A) is a committee of the Governing Body. The FP&A Committee meets at least once a term but more frequent meetings can be arranged if necessary. The main responsibilities are detailed in written terms of reference which were authorised by the governing body on 27th September 2011.</p> <p>The Committee:</p> <ul style="list-style-type: none">• Determines the Academy's annual budget, including the staffing complement;• Considers reports from the Head of Finance comparing expenditure with budget;• Determines the written description of financial systems and procedures;• Operates the Governing Body's arrangements for obtaining quotations, inviting tenders, approving tenders and signing contracts above £10,000;• Recommends to the Governing Body a charging policy;• Determines arrangements regarding petty cash at the school;• Establishes arrangements including audit of the Academy and

	<p>other voluntary funds;</p> <ul style="list-style-type: none"> • Determines matters relating to building maintenance, health and safety and lettings outside school hours in accordance with the Governors' delegated responsibilities; • Determines insurance arrangements as required.
The Headteacher (Accounting Officer)	<p>The Headteacher has overall executive responsibility for the Academy's activities including financial activities. As the appointed Accounting Officer, the Headteacher has personal responsibility to the Governing Body for:</p> <ul style="list-style-type: none"> • Ensuring regularity and propriety; • Ensuring prudent and economical administration; • Avoidance of waste and extravagance; • Efficient and effective use of available resources; • The day to day organisation, staffing and management of the Academy. <p>The Headteacher is authorised by the FP&A Committee to appoint a Budget Holder for any department as appropriate within the College. The Headteacher may delegate the responsibility to spend within a department's annual budget allocation to the department's appointed Budget Holder.</p> <p>Much of the day to day financial responsibility has been delegated to the Head of Finance but the Headteacher still retains responsibility for:</p> <ul style="list-style-type: none"> • Approving new staff appointments within the authorised establishment, except for any senior staff posts which the Governing Body has agreed should be approved by them; • Authorising contracts between the value of £1,000 and £9,999 in conjunction with the Head of Finance; • Signing cheques in conjunction with the Head of Finance or other authorised signatory; • Authorising BACS payments;
Deputy Headteachers	<p>To assist the Headteacher/Head of Finance in the management of the budget and to deputise in his/her absence. Also have responsibility for:</p> <ul style="list-style-type: none"> • Signing cheques in conjunction with the Headteacher or other authorised signatory; • Authorising orders up to £9,999; • Authorising BACS payments.
Operations Lead/ CFO	<p>The Operations Lead works in close collaboration with the Headteacher through whom she/he is responsible to the Governors.</p> <p>Also have responsibility for:</p> <ul style="list-style-type: none"> • Signing cheques in conjunction with the Headteacher or other authorised signatory; • Authorising BACS payments. • Establishing payroll services for all College staff to ensure full reconciliation and accurate staff payments; • Authorising overtime, casual payment and travel expense claims • Oversee the preparations of school budgets, including provision of accurate estimates, forecasts and projections in conjunction with the Finance Manager, Headteacher, Members, Governors FP&A Committee, and SLT; • Negotiate with providers of goods and services and third party contractors in consultation with the Headteacher;

	<ul style="list-style-type: none"> • Review school accounting systems, procedures and working practices to ensure compliance with financial regulations and audit requirements; • Ensuring forms and returns are sent to the DfE/EFA in line with deadlines; • Authorising contracts between the value of £1,000 and £4,999; • Advising the Headteacher on contracts between the value of £5,000 to £9,999; • Authorising orders below £9,999 in conjunction with Budget Holders; • Signing cheques in conjunction with the Headteacher and/or other authorised signatory; • Authorising and submitting BACS payments; • Authorising invoices for payment
The Finance Manager	<p>The Finance Manager works in close collaboration with the Operations Lead through whom she/he is responsible to the Governors. The Finance Manager also has direct access to the Governors via the FP&A Committee. The main responsibilities of the Finance Manager are:</p> <ul style="list-style-type: none"> • Preparing school budgets, including provision of accurate estimates, forecasts and projections in conjunction with Operations Lead, Headteacher, Members, Governors FP&A Committee and SLT; • Preparation of monthly reports for the Head Teacher and for presentation to Governors; • Advise Budget Holders on budget planning and spending to ensure legitimate, cost effective and appropriate use of school funds and no overspends; • Provide financial advice to the Headteacher and Governing Body; • Preparation, reconciliation and submission of monthly VAT claims to HMRC; • Reconciliation and Processing of Monthly Payroll; • Monitoring and reconciliation of College bank accounts
Finance Officer	<p>The Finance Officer works in conjunction with the Finance Manager and has responsibility for</p> <ul style="list-style-type: none"> • Managing the day to day financial administration; • Monitoring, recording and reconciliation of income and expenditure including ParentPay; • Process payments for BACS run ensuring timescales are met; • Providing advice and guidance on finance processes; • Production of Sales invoices, including lettings; • Monitoring and collection of outstanding debtors
Budget Holders	<p>All Budget Holders are responsible for monitoring their budget and approving expenditure only within their allocated amount. Should the Budget Holder identify any likely over or underspend they must inform the head of Finance as soon as this becomes apparent.</p>
All Employees	<p>All employees are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academy's financial procedures.</p>

LEVELS OF AUTHORITY	
The Governing Body has delegated authority to officers within the Academy to act on their behalf up to certain limits. The detailed level of authority is set out below.	
Asset Management – Sale, write off, rent or lease	<p>Asset valued at £5,000 or below Head of Finance can approve.</p> <p>Asset valued above £5,000 and below £10,001 Headteacher can approve.</p> <p>Where the residual value of the asset is more than £1,000 it should be sold following competitive tender.</p> <p>Asset for which capital grant in excess of £20,000 was paid Head of Finance must seek written approval from the DfES.</p> <p>Assets can be written off to the value of 1% of total annual income or £45,000 (whichever is smaller) per single transaction. Cumulatively, 5% of total annual income in any one financial year per category of transaction. Beyond these limits must seek and obtain explicit and prior approval of Secretary of State (through the ESFA).</p> <p>Disposal of equipment to staff is not encouraged; as it may be more difficult to evidence value for money was obtained in any sale or scrapping of equipment.</p> <p>Disposal of redundant IT equipment is to be undertaken in accordance with WEEE Regulations. Any items disposed of in this way are assumed to be fully depreciated.</p> <p>Any proceeds from asset sales for which capital grant was paid should be reinvested. If the sale proceeds are not reinvested, then a proportion of the sale proceeds must be repaid to the DfES.</p> <p>All disposals of land must be agreed in writing by the Secretary of State.</p>
Orders and contracts	<p>Up to £1,000 Budget Holder can authorise.</p> <p>Up to £4,999 Head of Finance or Deputy Headteacher can approve and authorise.</p> <p>Up to £9,999 Headteacher, Deputies or Head of Finance can approve and authorise.</p> <p>£10,000 and over F&P review 3 quotations and make decision on approval. If urgent the Chair & Vice-Chair of F&P Committee can make the decision. Formal tendering processes will be followed where required.</p>
Invoices	Headteacher, Deputy Headteachers, Operations Lead and Finance Manager can authorise invoices for payment.

<p>Cheques (school account)</p>	<p>Single payment up to £10,000 Any two signatories.</p> <p>Single payment between £10,000 to £20,000 Any two signatories, one of which must be the Headteacher.</p> <p>Over £20,000 Three signatories, two of which should be the Headteacher and Chair of Governors.</p> <p>Authorised signatories Jacqui Woodward (Chair of Governors) Tamsin Schouten (Headteacher) James Lushington (Assistant Headteacher) Sally Price (Operations Lead) Steve Pell (ICT Manager)</p>
<p>BACS</p>	<p>Single BACS payment up to £10,000 Any two authorised personnel can authorise a batch containing single payment to one supplier of up to £10,000.</p> <p>Single BACS payment between £10,000 and £20,000 Any two signatories provided the Headteacher has certified the invoice for payment.</p> <p>Over £20,000 Three authorised personnel required but only when the Chair of Governors and Headteacher have been contacted and given their approval for the individual transaction, by email. This communication to be recorded on the batch audit trail.</p> <p>Authorised personnel Jacqui Woodward (Chair of Governors) Tamsin Schouten (Headteacher) James Lushington (Assistant Headteacher) Sally Price (Operations Lead) Steve Pell (ICT Manager)</p>
<p>Timesheets, Expenses claims including mileage.</p>	<p>Headteacher, Deputy Headteachers and Operations Lead authorised to sign.</p>
<p>Employment appointments, variations to contracts and termination forms</p>	<p>Chair of Governors, Headteacher and Operations Lead authorised to sign.</p>

3. CHARGE CARDS POLICY

Charge cards should only be used for business use. Not used for cash or personal purchases even if the card holder intends to repay the cost at a later date. For each purchase the cardholder should obtain a VAT receipt showing details of the purchase and this must be signed off by the appropriate budget holder. The cardholder should keep a record of each purchase to check against his/her monthly statement.

Storage – the card should be treated for security purposes like a personal credit card and kept under the card holder's control at all times. Charge card purchases must be signed off by the appropriate budget holder and prior authorisation obtained before the goods/services are purchased using the card.

The charge card held by the Finance Manager can be lent out to staff for purchases of less than £50 however:

- prior authorisation must be obtained before the staff member borrowing the charge card makes the purchase
- the staff member can obtain a card from the Finance Manager only and must sign the card out and to confirm that they have permission from the budget holder
- a charge card slip signed by the budget holder and a VAT invoice/receipt to be returned promptly with the card

Misuse of cards – under delegated authority the Headteacher or Head of Finance will monitor the use of cards and may withdraw a card at any time if a card holder fails to observe the card policy. Specifically, where cards are used to purchase goods and or services on behalf of departments then they must ensure the card is used strictly in adherence with the policy and the associated financial regulations/processes. Any issues related to charge card use should be referred to the Head of Finance.

Reconciliation of statements – unreasonable delays in submitting or persistent failure to send statements and receipts for reconciliation will constitute a breach in the policy and will render the card holder liable to their card being withdrawn.

Charge cards issued in the name of:

- Headteacher's PA
- Finance Manager
- Finance Officer
- HR Manager

Limit of £1,500 per month expenditure on Headteacher's PA. Limit of £3,000 per month on Finance Officer. Limit of £2,000 per month on Finance Manager. Limit of £500 on HR Manager.

4. BUSINESS AND PECUNIARY INTERESTS

A register of business and pecuniary interests has been established for all Governors. This is open to inspection by arrangement with the Clerk to the Governors. The register is completed annually but an item is on every agenda for Governors meeting asking for any declarations to be made in light of the business on the agenda.

A register of business and pecuniary interests also exists for all staff and this is issued annually with any changes during the year being notified to the HR Manager.

The register includes all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the school. The

disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

5. FINANCIAL PLANNING

5.1 Development Plan

The development plan indicates how the Academy's education and other objectives are going to be achieved within the expected level of resources over the next three years. The development plan, together with the curriculum requirements, provides the framework for the annual budget.

The development plan includes detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

Performance against defined success criteria will be monitored by the SLT and discussed as a group on a quarterly basis.

The Headteacher will report to the Governing Body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

5.2 Budget

a) Planning

The Operations Lead in conjunction with the Headteacher is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, Finance, Premises & Audit Committee and the Full Governing Body.

The approved budget must be submitted to the ESFA by the published deadline in July each year and the Head of Finance is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

The annual budget will reflect the best estimate of the resources available to the school for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of DfE grant receivable;
- Review of other income resources available to the school to assess likely level of receipts;
- Review of past performance against budgets;
- Identification of potential efficiency savings; and
- Review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g., pay increases, inflation and other anticipated changes.

b) Balancing the budget

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified the Head of Finance will advise on where there are areas of need or if it is required as a contingency.

c) Finalising the budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the Operations Lead and approved by the Headteacher, FP&A Committee and the Governing Body. The Operations Lead will ensure the budget is communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

d) Monitoring and Review

Monthly reports will be prepared by the Finance Manager. The reports will detail actual income and expenditure against budget for Budget Holders and at a summary level for the Headteacher and the FP&A Committee. In a month where a meeting of the FP&A Committee is not scheduled, copies of the reports will be circulated to the Chair and Vice-Chair of Governors and the FP&A Committee.

Any potential overspend against the budget must in the first instance be discussed with Finance Manager. The Finance Officer will not permit payments to be made against an overspent budget without the approval of the Operations Lead.

The Finance Manager will highlight variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast, it may be possible to vire money from another budget or from the School Reserves. All budget virements must be authorised by the FP&A Committee.

The Finance Manager shall periodically consult the Governing Body and staff to ensure that the financial and management information issued is relevant, timely, reliable and understandable.

6. PAYROLL

The main elements of the payroll system are:

- Staff appointments;
- Payroll administration;
- Payments.

a) Staff appointments

The Governing Body has approved a personnel establishment for the Academy. Any changes to the establishment must be discussed at the Pay Review Committee and the cost implications made clear. The Finance and Premises Committee must ensure that adequate budgetary provision exists for any establishment changes.

The Headteacher has the authority to appoint staff within the authorised establishment except for Deputy Headteachers, Operations Lead and Finance Manager whose appointments must follow consultation with the Governors.

The Headteacher maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified to the HR Manager immediately.

b) Payroll Administration

Cornwall Council is our current payroll provider. The Academy payroll is administered on the SIMS/FMS payroll package. Access to the system is password controlled. All employees are paid monthly through the FMS payroll package.

The HR Manager prepares the contracts which are signed off by the Headteacher, Deputy or Operational Lead. Cornwall Council process the contract onto the payroll system. The payroll is checked by HR Manager and her assistant initially when it is sent through to ensure the right amounts have been paid.

The Finance Manager codes all overtime claims, travel expenses etc. The Finance Manager runs the payroll reconciliation and checks this against any overtime, expenses or contract changes.

The Local Authority Financial Assurance Service also carries out sample checks on this entire process from contract issue to monthly pay.

Each member of staff involved in the process has clear procedures in place however for confidentiality reasons these are kept locally by those staff concerned and do not form part of this document.

c) **Payments**

All salary payments are made by BACS unless it is a new employee who has not yet provided bank details or a casual member of staff in which case a cheque is issued.

Finance Manager carries out a comparison between months and checks individual's payroll to ensure payments are on track and if different investigates why. The Finance Manager also uses this information for monitoring the staffing budget.

Each month the Finance Manager reconciles the payroll on FMS and ensures the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and identifies any amounts posted to the suspense account.

The Finance Manager checks on an annual basis for each member of staff that the gross pay per the payroll system matches the information on the staffing record.

7. **PURCHASING**

It is the aim of the College to achieve best value from all our purchases. This means getting what we need in the correct quality, quantity and time at the best price possible. A large proportion of our purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

- **Probity**, demonstrating there is no corruption or private gain involved in our contractual relationships;
- **Accountability**, we are publicly accountable for our expenditure and the conduct of our affairs;
- **Fairness**, ensuring we treat everyone on a fair and equitable basis.

Budget Holders will be informed of their allocated budget at least one month prior to the end of the summer term. It is the responsibility of the Budget Holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each Budget Holder each month.

Routine purchases

Routine purchases up to £1,000 can be ordered by Budget Holders. All orders **must** be placed through the Finance Office and a Purchase Order raised. The Finance Officer can also arrange for the order to be placed using a school charge card via the Amazon Schools Business Account. The Finance Officer will check to ensure adequate budgetary provision exists before processing the order. Orders must bear the signature of Headteacher, Deputy Headteacher or Operations Lead. The Finance Officer will process all orders on SIMS FMS to record committed expenditure.

School Purchase Orders or School Charge Cards cannot be used for private purchases.

On receipt of the goods the Budget Holder (or their representative) must undertake a detailed check of the goods received against the delivery note and notify the Finance Office of any discrepancies as soon as possible. Wherever possible a different person from the person who placed the order should check the goods.

The Finance Office shall ensure that payment is only made to a supplier after the goods or services have been received and the invoices have been checked against SIMS FMS.

The Headteacher may authorise the purchase of gifts to include flowers and wine for visiting speakers. The spending of such items will be monitored by the Head of Finance and reported to the Finance, Premises & Audit Committee annually.

Purchases by Tender

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.

Open Tender: This is where all potential suppliers are invited to tender. The Budget Holder must discuss and agree with the Head of Finance how best to advertise for suppliers e.g., general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

Restricted Tender: This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

there is a need to maintain a balance between the contract value and administrative costs,

- a large number of suppliers would come forward or because the nature of the goods is such that only specific suppliers can be expected to supply the Academy's requirements;
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders;
- only one or very few suppliers are available;
- extreme urgency exists;
- additional deliveries by the existing supplier are justified.

8. INCOME

The main source of income for the Academy is the grants from the ESFA. The receipt of these sums is monitored directly by the Finance Manager who is responsible for ensuring that all grants due to the Academy are collected. The Academy also obtains income from:

- students, mainly for trips and uniform;
- the public, mainly for community lettings.

Trips

A lead teacher must calculate the cost of the trip using the School pro-forma. Parents must pay for trips through ParentPay using their school account.

Pupils who have not paid the full amount for the trip and who have not applied and received any disadvantage subsidy, will not be permitted to take part in the trip.

Students who are unable to attend a trip for medical reasons will be refunded their fee provided they present a doctor's certificate to the school. Students who decide not to go on a trip after they have paid will only be refunded if their place is subsequently taken up by another student. Governors have the ability to alter this policy if the extenuating circumstances suggest.

Community Lettings

The Lettings Administrator is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.

Details of organisations using the sports facilities should be sent by the Lettings Administrator to the Finance Officer who will produce a sales invoice using SIMS FMS.

Details of payments made and outstanding accounts will be discussed by the Finance Officer and Lettings Administrator and the Finance Officer is responsible for chasing outstanding debts and the Lettings Administrator will ensure no use is made of the facilities unless payment has been made.

No debts should be written off without the express approval of the Governing Body (the ESFA's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

Organisations using the school facilities should be instructed to send all payments to the Finance Office.

Official, pre-numbered Academy receipts should be issued for all cash and cheques received where no other formal documentation exists.

All cash and cheques must be kept in the Finance Office safe prior to banking. Banking should take place every week or less frequently as long as the sums collected do not exceed the insurance limit on the Finance Office safe.

Monies collected must be banked in their entirety in the appropriate bank account. The Finance Officer is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly and must be reviewed and certified by the Head of Finance .

9. CASH MANAGEMENT

a) Bank Accounts

The opening of all accounts must be authorised by the Governing Body who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

Deposits

Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:

- the amount of the deposit; and
- a reference, such as the number of the receipt or the name of the debtor.

Payments and withdrawals

All cheques and other instruments authorising withdrawal from Academy bank accounts must be signed by the appropriate number of authorised signatories.

This provision applies to all accounts, public or private, operated by or on behalf of the Governing Body of the Academy.

Administration

The Finance Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the school's cash book;
- reconciliations are prepared by the Finance Officer;
- reconciliations are subject to an independent review carried out by the LA Assurance Service and/or the Head Teacher;
- adjustments arising are dealt with promptly.

b) Petty Cash Account

The Academy holds a petty cash account with a purchase limit of £10 per transaction. This is monitored by the Finance Officer. All claims for petty cash must be accompanied by a receipt and a proforma issued by the Finance Officer which must be signed by the Budget Holder prior to reimbursement.

The Finance, Premises & Audit Committee does not permit the encashment of personal cheques from delegated funds or any other income.

The Finance Officer shall reconcile the petty cash account expenditure at monthly intervals.

Deposits

The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

Administration

The Finance Officer is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the Head of Finance to ensure that the cash balance reconciles to supporting documentation.

Physical Security

Petty cash will be held in a locking cash box which is put in the safe overnight.

c) Cash Flow Forecasts

The Finance Manager is responsible for preparing cash flow forecasts to ensure that the Academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account to cover potential cash shortages.

d) Investments

The Governors investment powers are set out in the Articles of Association which allows for funds not immediately required for the furtherance of its objectives to be invested in such instruments that are considered suitable and diverse by a competent financial expert with the performance being regularly reviewed by Governors.

Investments are currently limited to individual deposits of no greater than 12 months with UK clearing banks.

e) Reserves

The Academy plans to spend the majority of its revenue income each year on the students in its care, sums are set aside from this each year for planned replacement of capital items such as ICT infrastructure, building maintenance, building capital and sports facilities replacement.

10. ASSET MANAGEMENT

a) Asset Register

Tangible fixed assets acquired since the Academy was established with a value over the Academy's capitalisation limit must be entered in an asset register. The capitalisation limit has been set at £1,000 per item.

The Asset Register includes the following information:

- asset description;
- asset number;
- serial number;
- date of acquisition;
- asset cost;
- source of funding (% of original cost funded from DfE grant and % funded from other sources);
- expected useful economic life;
- depreciation;
- current book value;
- location;
- name of member of staff responsible for the asset.

The Asset Register will:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- manage the effective utilisation of assets and plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and the Academy's financial system, and;
- support insurance claims in the event of fire, theft, vandalism or other disasters.

b) Security of Assets

Equipment must be secured by means of physical and other security devices. All other items in the register should be permanently and visibly marked as the Academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register.

Discrepancies between the physical count and the amount recorded in the register should be investigated promptly, and where significant, reported to the Governing Body. Inventories of Academy property should be kept up to date and reviewed regularly. Where items are used by the Academy but do not belong to it this should be noted.

c) Loan of Assets

Items of Academy property must not be removed from Academy premises without the authority of the Headteacher or Head of Finance. A record of the loan must be recorded and booked back into the Academy when it is returned.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit of kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Academy's auditors.

d) Depreciation

All individual items costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use, at the following annual rates:

- Long leasehold land & property 2% pa
- Furniture and equipment 20% pa
- ICT equipment 33% pa
- Motor vehicles 20% pa

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (on the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Grants provided to acquire fixed assets may be paid either to the Academy or directly to meet the cost of the fixed asset. Where costs have been paid directly and are part of the capital project, they have been recognised as restricted fixed asset funding.

e) Leased Assets

Rentals applicable to operating leases where substantially all of the benefits and risk of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

11. INTERNAL FINANCIAL CONTROL

The Headteacher/ Finance Manager shall ensure that at least two people shall be involved with the raising of orders wherever possible and at least two people shall be involved with the processing of receipts and invoices/payments wherever possible. Any exception to this will be at the Headteacher's discretion.

Amendments to documentation shall be made in accordance with standard accounting practices.

The use of correction fluids or erasure of information is not permitted. The SIMS FMS system processing method ensures that errors in ordering are dealt with in a correct manner.

The Finance Manager and Finance Officer shall ensure that paper records are maintained in suitable storage conditions for a minimum of seven years.

SIMS FMS electronically stored data is permanently retained as a function of the system. The Network Manager and Finance Manager shall ensure that access to accounting records is strictly limited to those members of staff requiring the information for their normal duties by the deployment of software and the use of passwords. The use of passwords is described as part of the E-Safety Policy.

12. INSURANCE

The Governing Body ensures that adequate insurance is taken out to cover all risks. Currently, the Governing Body considers that the insurance provided is appropriate for the Academy's needs in terms of cover and value for money. The Headteacher and Operations Lead shall review the risks to the Academy annually and ensure that an appropriate level of cover is maintained.

13. FRAUD AND CORRUPTION

Fraud

'Fraud' is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or others upon whose behalf he or she acts, even if these "others" are in ignorance of the fraud. Fraud is in fact intentional deceit and for this reason it cannot include negligence.

Fraud incorporates theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts

Corruption

The term "corrupt practices" is defined for the purpose of this code as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by Penryn College, its staff or governors.

Penryn College is committed to ensuring that it acts with integrity and has high standards of personal conduct. Everyone involved with the College has a responsibility in respect of preventing and detecting fraud. All staff and governors have a role to play. The College also recognises the role or others in alerting them to areas where there is suspicion of fraud.

Recognising a potential fraud and being able to report it is just as important as the measure to prevent and detect.

It is the duty of all employees and governors at Penryn College to take reasonable steps to limit the possibility of corrupt practices, and it is the responsibility of the Responsible Officer and Auditors to review the adequacy of the measures taken by the college to test compliance and to draw attention to any weaknesses or omissions.

Any investigation carried out in relation to alleged irregularities is linked to the college's disciplinary and dismissals procedure.

Full Anti-Fraud & Corruption Policy Statement – please see Appendix 1

14. GIFTS AND HOSPITALITY

The receipt of gifts, money or excessive hospitality can be misinterpreted. These procedures seek to protect staff from suspicion of dishonesty and ensure they are free from any conflict of interest with respect to acceptance or provision of gifts, hospitality or any other inducement from or to suppliers of goods or services to the College.

Definition

A gift is any item, cash or goods, given or offered for which no payment or service was given or received in return.

Hospitality can be defined as any food, drink, accommodation or entertainment provided free of charge or heavily discounted.

Principles

Staff should exercise the utmost discretion in giving and accepting gifts and hospitality when on Academy business. Particular care should be taken with regard to a person or organisation that has, or is hoping to have, a contract with the Academy.

Staff must not accept gifts, hospitality or benefits in kind from a third party where it might be perceived that their personal integrity is being compromised or that Penryn College might be placed under an obligation.

No favour or preference which is not generally available should be sought, accepted or given.

Staff must not make use of their official position to further their private interests or those of others.

Receiving of Gifts and Hospitality

- The individual should consider carefully whether it is appropriate to accept or decline a gift or hospitality. If in doubt advice should be sought from the Head of Finance who may in turn liaise with the Headteacher.
- Gifts of low intrinsic value such as promotional calendars or diaries or small tokens of gratitude can be accepted.
- Any gift or hospitality with a value of £25 or over must be recorded in the Register of Gifts and Hospitality. This will be held by the Finance Manager.
- It is each individual's responsibility to inform the Finance Manager by email of any gifts or hospitality that is offered.
- Always say "no" if you think the giver has an ulterior motive. Be sensitive to the possibility that the giver may think that even small gifts or simple hospitality will elicit a more prompt service or preferential treatment
- If you are in doubt about the acceptability of any gift or offer of hospitality, it is your responsibility to consult the Finance Manager or Headteacher.

Contracts with Suppliers

- Staff must base all purchasing decisions and negotiations for contracts solely on achieving best value.
- Staff who have official dealings with contractors and other suppliers of goods and services to Penryn College should avoid conducting any private business with them by any means other than through normal commercial channels.

Gifts to and from students

- Given the nature of the professional responsibilities of staff they are strongly advised not to give or accept gifts/hospitality (exceeding £25 in value) from students during their period of study.
- Any gifts/hospitality from students, exceeding £25 in value must be entered in the Register of Gifts and Hospitality.

Register of Gifts

The Finance Manager has responsibility for the Gifts and Hospitality Register. Individual staff are personally responsible for reporting any gifts/hospitality offered and whether these have been accepted or declined. The Head of Finance will record the following information in the register:-

- Nature of gift/hospitality;
- Value of gift/hospitality;
- Name of person/Company offering the gift/hospitality;
- Date gift/hospitality accepted/refused; and
- Name of employee.

Giving of Gifts and Hospitality

- Gifts are not normally given to other individuals or organisations. If gifts are given, staff must ensure that the decision is fully documented in the Gift and Hospitality Register and has regard to the propriety and regularity of the use of public funds. Exclusions – this does not apply to:
 - the award of gifts, prizes, etc related to the achievement of pupils e.g. attainment or merit awards, nor Trust-wide staff recognition events or activities.
 - recognition awards/gifts to staff for specific areas of work or activity. Such awards must be in line with the Staff Pay Policy
- Expenditure on staff wellbeing (flowers, leaving gifts, etc) will be funded from staff donations which are accounted for in a separate budget line.
- Charitable donations e.g. instead of flowers for a funeral or matching amounts raised by students, should be of a de minimis level.
- Where hospitality is provided this should be approved in advance by the Headteacher, SLT member or Finance Manager. In approving hospitality the Headteacher, SLT member or Finance Manager should ensure it is not in breach of the UK Bribery Act 2010 and also that the costs are appropriate for a publicly funded organisation.
- Hospitality such as working lunches, coffees, catering on training courses and modest hospitality in the form of meals, etc are perfectly acceptable where it is appropriate to offer or receive these in support of good relationships with visiting staff or business colleagues (but not for their family or friends). These would not be added to the register but would be approved by Headteacher, SLT member or Finance Manager to ensure they are of a reasonable level. Hospitality provided above this level should be recorded in the register.

15. MONEY LAUNDERING

The Proceeds of Crime Act 2002, the **Terrorism Act 2000** and the **Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017** place legal obligations on the College and its employees - regarding suspected money laundering activity.

Although most money laundering activity in the UK falls outside of the public sector, we are committed to maintaining robust arrangements to identify and prevent attempts to use it to launder money. The vigilance of employees is vital in identifying individuals who are, or may be, perpetrating crimes relating to money laundering or the financing of terrorism.

Full Money Laundering Policy Statement – please see Appendix 2

Appendix 1

Anti-Fraud & Corruption Policy Statement

This policy and procedure defines the expected conduct of all staff engaged at Penryn College, whether in paid or voluntary employment, in relation to deterring and/or detecting fraud and corruption, and who to report it to.

It includes clear guidelines on what is acceptable in terms of gifts and hospitality and how these matters are declared.

Also, reference is made to other Academy policies where appropriate.

Policy Statement:

This policy and procedure defines Anti-Fraud & Corruption and offers guidance for all staff in the College.

The College aims to be an honest and ethical institution. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts College business. This document sets out the College's policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, the College's objectives are, firstly, to create a culture which deters fraudulent activity, encourages its prevention and promotes its detection and reporting and, secondly, to identify and document its response to cases of fraud and corrupt practices.

This policy, in line with the College's corporate values of integrity, consistency, impartiality, fairness and best practice, provides both staff and management with mutually understood guidelines for the administration of this procedure.

The scope of this procedure extends to all College employees, permanent, voluntary and fixed term.

Time limits specified in this document may be extended by mutual agreement.

If there is concern or doubt about any aspect of a matter which involves an irregularity, or an ongoing investigation into a suspected irregularity, the best approach is to seek advice from the Headteacher or if it relates to them the Chair of the Finance, Premises and Audit Governor Committee.

If requested, employees may be accompanied by a recognised trade union representative or work colleague, not involved in any part of the process, at any interviews.

Roles and Responsibilities:

Staff and Governors

Penryn College has adopted the following measures to demonstrate its commitment to anti-fraud and corruption:

- Finance, Premises & Audit Committee meets regularly;
- A requirement for all staff and governors to declare prejudicial interests and not contribute to business related to that interest;
- A requirement for staff and governors to disclose personal interests;
- All staff and governors are made aware of the understanding on the acceptance of gifts and hospitality;
- Clear recruitment policies and procedures.

Staff and governors also have a duty to report another member of staff or governor whose conduct is reasonably believed to represent a failure to comply with the above.

Local Authority Audit and Assurance Service

The Local Authority Audit and Assurance Service has specific responsibility for overseeing the financial arrangements on behalf of the governors.

The main duties of the Local Authority Audit and Assurance Service are to provide the governors with on-going independent assurance that:

- The financial responsibilities of the governors are being properly discharged;
- The resources are being managed in an efficient, economical and effective manner;
- Sound systems of financial control are being maintained; and
- Financial considerations are fully taken into account in reaching decisions.

Operations Lead

The Operations Lead has a responsibility for ensuring that effective systems of internal controls are maintained and will safeguard the resources of Penryn College.

In respect of fraud it is therefore the responsibility of the Operations Lead to ensure internal controls prevent and detect any frauds promptly. This includes:

- Proper procedures and financial systems;
- Effective management of financial records;
- Management of the Academy's financial position;
- Anti-fraud awareness training

External Audit

The Academy's Annual Report and Financial Statements include an Independent Auditors' Report. This report includes a view as to whether the financial statements give a true and fair view and whether proper accounting records have been kept by the Academy throughout the financial year. In addition, it reports on compliance with the accounting requirements of the relevant Companies Act and confirms compliance with the financial reporting and annual accounting requirements issued by the Department of Education.

Reporting a Suspected Fraud:

All allegations of suspected fraud and irregularities are to be brought to the attention of the Head of Finance and also referred to the Headteacher, unless this individual is involved in the irregularity in which case the Chair of Governors should be informed.

Please refer to the College Whistleblowing Policy for further guidance.

Response to Allegations

The Headteacher will have initial responsibility for co-ordinating the initial response. In doing this he/she will consult with the Human Resource advisors regarding potential employment issues. The Headteacher will also see legal advice from the College's solicitors on both employment and litigation issues before taking any further action.

The Operations Lead and Headteacher will ascertain whether or not the suspicions aroused have substance. In every case, and as soon as possible after the initial investigation, they will pass the matter on to the Chair of Finance, Premises & Audit Committee. Even if there is no evidence to support the allegation, the matter must be reported.

The Finance, Premises & Audit Committee will undertake the management of the investigation. They will, if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required. They will determine whether the findings, conclusions and any recommendations arising from the preliminary investigation should be reported to the Chair of Governors. If further investigations are required, they will determine which outside agencies should be involved (police, auditors).

The Headteacher is required to notify the Governing Body of any serious financial irregularities. This action will be taken at the first opportunity following the completion of the initial investigations and will involve keeping the Chairman of the Governing Body fully informed between governor meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.

If evidence of fraud is forthcoming, then the Governing Body will inform the Department for Education as required by the Funding Agreement and will consider whether or not to refer the matter to the police.

Confidentiality and Safeguards

Penryn College recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. The College will not tolerate harassment or victimisation and will do what it lawfully can to protect an individual when a concern is raised in good faith.

This does not mean that if the person raising the concern is already the subject of a disciplinary, redundancy or other procedure, that those procedures will be halted as a result of the concern being reported.

There is a need to ensure that the process is not misused. For further guidance refer to the College Disciplinary, Grievance and Capability policy.

Links with other Policies:

The Governing Body is committed to preventing fraud and corruption. To help achieve this objective there is a clear network of systems and procedures in place for the prevention, detection and investigation of fraud and corruption. This Anti-Fraud and Anti-Corruption policy attempts to consolidate those in one document and should be read in conjunction with the following Academy policies:

- Whistle-Blowing Policy
- Financial Scheme of Delegation
- Disciplinary and Dismissal Policy
- Equal Opportunities Policy
- Gifts and Hospitality Policy

Appendix 2

Money Laundering Policy Statement

This Policy applies to all employees of the Academy. It aims to maintain the high standards of conduct which currently exist within the Academy by preventing criminal activity through money laundering. The Policy sets out the procedures which must be followed, for example the reporting of suspicions of money laundering activity, to enable the Council and employees to comply with legal obligations.

This Policy sits alongside the Academy's Fraud Policy and Whistleblowing Policy.

Failure by an employee to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them in accordance with the relevant Disciplinary Procedures.

Whilst the risk of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities, as breaches of the legislation could result in criminal prosecution and upon conviction imprisonment for up to 14 years and/or a fine.

What is Money Laundering?

Money laundering is the term used for a number of offences involving the proceeds of crime, or relating to the proceeds of terrorism and terrorist financing.

Money laundering is generally defined as the process by which the proceeds of crime, and the true ownership of those proceeds, are changed so that the proceeds appear to come from a legitimate source. In effect it is the process of channelling "bad" money into perceived "good" money, to hide the fact that it originated from criminal activity.

The following constitute acts of money laundering:

- Concealing, disguising, converting, transferring criminal property or removing it from the UK (Section 327 of the Proceeds of Crime Act 2002)
- Entering into or becoming concerned in an arrangement that you know or suspect facilitates the acquisition, retention, use or control of criminal property by, or on behalf of, another person (Section 328)
- Acquiring, using or possessing criminal property (Section 329)
- Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (Section 18 of the Terrorism Act 2000).

These are the primary money laundering offences and are prohibited acts under the legislation. There are also a number of secondary offences relating to the failure to report a person known, or suspected, to be engaged in money laundering or terrorist financing and the falsifying, concealing or destroying of documents relevant to an investigation or making a disclosure which is likely to prejudice it.

What is the impact on the Academy?

Potentially any employee could be caught by the money laundering provisions if they suspect money laundering, or become involved with it in some way and do nothing about it. The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO). The officer nominated to receive disclosures about money laundering/terrorist financing activity within is the Headteacher, unless this individual is involved in the irregularity in which case the Chair of Governors should be informed

If you know or suspect that money laundering activity is taking/has taken place, or you become concerned that your involvement in a matter may amount to a prohibited act under the legislation, you must disclose this as soon as practicable to the Headteacher or Chair of Governors without delay.

The report should include as much information as possible, but you must not make any further enquiries into the matter yourself or continue with the transaction. You must follow any subsequent direction from the Headteacher or Chair of Governors who will guide and support you throughout the process.

At no time and under no circumstances should you voice any suspicions to the person suspected of money laundering, or to any other individual, where by doing so you could prejudice an investigation. Likewise, you must not make any reference on a client file that a report has been made to the Headteacher, in case this results in the suspect becoming aware of the situation.

The Headteacher or Chair of Governors must promptly evaluate any disclosure report to determine whether it should be reported to the National Crime Agency (NCA) by submitting a Suspicious Activity Report (SAR). You will be informed if a SAR is made. If the Headteacher or Chair of Governors concludes that there are no reasonable grounds to suspect money laundering, then this will be duly recorded and they will give their consent for any ongoing or imminent transaction(s) to proceed. Ultimately it will be the responsibility of the Headteacher or Chair of Governors to decide whether there is a reasonable excuse for not reporting the matter to NCA.

If a SAR is made to NCA, “consent” that gives a defence from a principal offence can be requested from them to perform the transaction but the transaction in question must not be undertaken or completed until “consent” is given, or there is deemed “consent” through the expiry of relevant time limits.

In all cases where a SAR is made to NCA, the Headteacher or Chair of Governors will advise you if and when you can continue with a transaction.

All disclosure reports made to the Headteacher and reports referred to NCA must be retained for a minimum of five years.

Identification of Clients (Customer Due Diligence Procedure)

If the Academy is carrying out certain “relevant business” (accountancy, audit and tax services and legal services relating to financial, company or property transactions) and:

- Forms an ongoing business relationship with a customer; or
- Undertakes an occasional transaction amounting to 10,000 euro (or the current equivalent in sterling) or more, whether carried out in a single operation or several linked ones; or
- Suspects money laundering or terrorist financing; or
- Doubts the veracity or adequacy of information previously obtained for the purposes of client identification or verification,

then care needs to be taken by the Academy to check the identity of the customer. This is known as carrying out Customer Due Diligence and must be applied before the establishment of the relationship, or the carrying out of the transaction.

Applying Customer Due Diligence means:

- Identifying the customer and verifying the customer’s identity on the basis of documents, data or information obtained from reliable and independent sources;
- Assessing, and where appropriate obtaining, information on the purpose and intended nature of the business relationship; and
- Where someone else purports to act on behalf of the customer, verifying their identity and that they are authorised to act for the customer.

Where the “relevant business” is being provided to another public sector body then you should ensure that signed written instructions on that body’s headed paper, or an email from the body’s e-communication system, is obtained before any business is undertaken.

Where the customer is a corporate body it is necessary to obtain and verify:

- The name of the corporate body;
- Its company number or other registration number;
- The address of its registered office, and if different, its principal place of business; and take reasonable measures to determine and verify;
- The law to which the body is subject, and its constitution (whether set out in its articles of association or other governing documents); and
- The full names of the board of directors and the senior persons responsible for the operations.

Where the customer is beneficially owned by another person it is necessary to:

- Identify the beneficial owner so that we are satisfied that we know who the beneficial owner is, including, in the case of a legal person, trust or similar legal arrangement, measures to understand the ownership and control structure of the person, trust or arrangement; and
- Take reasonable measures to verify the identity of the beneficial owner.

In some circumstances, enhanced due diligence must be carried out, for example:

- The case has been identified as one where there is a higher risk of money laundering or terrorist financing;
- The customer is a “politically exposed person” or a family member or close associate of such a person;
- The business relationship or transaction is with a person established in a high-risk third country (a high-risk state other than an EEA state)
- The transaction is complex and unusually large, or there is an unusual pattern of transactions and the transactions have no apparent economic or legal purpose.

Ongoing due diligence must be carried out by the Academy during the life of a business relationship, but should be proportionate to the risk of money laundering or terrorist funding based on knowledge of the customer and regular scrutiny of the transactions involved.

If enhanced due diligence is required this must also include, as far as reasonably possible, an examination of the background and purpose of the transaction and increased monitoring of the business relationship to determine whether anything appears to be suspicious.

If the required due diligence measures have not been undertaken, then the business relationship or one off transaction(s) cannot proceed any further and any existing business relationship with that customer must be terminated.

Ongoing Monitoring and Record Keeping Procedures

Any Academy conducting “relevant business” must monitor, on an ongoing basis, their business relationships, scrutinising transactions undertaken throughout the course of the relationship (including, where necessary, the source of funds), to ensure that the transactions are consistent with their knowledge of the client, its business and risk profile.

Records of all client identification/verification evidence obtained (or references to it) and details of all “relevant business” transactions carried out for customers, must be maintained for at least five years

beginning from the date the specific business relationship ends. This is so that the records may be used as evidence in any subsequent investigation by the authorities into money laundering. At the end of the five year period any personal data obtained must be deleted unless:

- It is required to be retained under any enactment or for the purposes of any court proceedings;
or
- The data subject has given consent for the data to be retained; or
- There are reasonable grounds for believing the records need to be retained for legal proceedings.

The precise nature of the records is not prescribed by law. They must, however, be capable of providing an audit trail during any subsequent investigation, for example distinguishing the client and the relevant transaction and recording the source of, and in what form, any funds were received or paid.