



Finance Policy

Lincoln Anglican Academy Trust

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1. Overview

1.1 The purpose of this policy is to ensure that Lincoln Anglican Academy Trust (LAAT) maintains and develops effective systems of financial control that conform with the requirements of statutory & regulatory authorities, as well as complying with established principles of good financial management and common sense. It is essential that these systems operate properly to meet the requirements of the Funding Agreement between the LAAT, Education and Skills Funding Agency (ESFA) and the Department for Education (DfE); the Scheme of Delegation in force between Trust and Academies; the Articles of Association; the Academy Trust Handbook (published by ESFA).

1.2 Each School must comply with the principles of financial control outlined in the Academy Trust Handbook published by the ESFA. This policy converts these principles into specific accounting procedures which should be read and adhered to by all staff interacting with the Trust's finances.

1.3 It is incumbent on Members, Directors, Academy Committee Members, Staff and all parties engaged by or with the LAAT to observe not only the letter, but also the spirit of the LAAT's Finance Policy. The Trust is responsible for public money and as such the duty of care is naturally set very high. Whenever in doubt and where this handbook does not specifically set out an appropriate approach, the highest principles should be observed to ensure the Trust is able to fully stand behind the approach taken by the decision maker.

2. Vision and Values

- 2.1 At the core of LAAT's financial strategy is the principle of equity. The Trust is committed to ensuring that all pupils and all schools have access to the resources that they need.
- 2.2 Each school continues to receive its allocated share of funding, but the central overheads recharged to the school are adjusted to smooth out any surplus or deficit arising at individual school level.
- 2.3 The use of additional shared surpluses is then proposed by the Schools Reference Group and approved in accordance with the Schedule of Delegated Financial Authorities.
- 2.4 Reserves are pooled for the benefit of all schools. Any requests for spend from reserves will be passed in the first instance to the Schools Reference Group and then approved in accordance with the Schedule of Delegated Financial Authorities.

2.1 The LAAT is a Company limited by Guarantee, registered in England and Wales and is a Multi Academy Trust. The company has charitable status.

2.2 The LAAT has defined the responsibilities of each person involved in the administration of both Trust level and individual School finances. These are set out in the LAAT's Scheme of Delegated Authorities.

2.3 The LAAT Board

2.3.1 The LAAT Board has overall responsibility for the management and administration of the of the Multi Academy Trust's finances. The LAAT Board is led by the "Chair". It is the LAAT's statutory responsibility to safeguard the assets of the company and to meet all requirements of the Companies Act. Core responsibilities in relation to finance include:

- ensuring that educational grants are used for the purpose intended
- managing budgets to be balanced, and annual approval of those budgets
- approval and issuing of Annual audited accounts to ESFA
- instructing & reviewing internal audit reports to ensure high internal rigour;
- appointment of Accounting Officer (or Chair), Chief Finance Officer and external and internal auditors
- approval of annual pay awards for all staff
- approval of all non-contractual severance payments, ensuring that ESFA approval is sought in line with the requirements of the Academy Trust Handbook

2.3.2 The Accounting Officer (or “Chair”) is the Head of the LAAT organisation. They are ultimately accountable for all LAAT activity. As well as signing off Annual Accounts, and being first contact point for all external stakeholders, they are also required to submit to ESFA an annual statement indicating the LAAT has secured value for money.

2.4 LAAT Finance and Operations Committee

2.4.1 The Finance and Operations Committee meets at least once a term, but more frequent meetings can be arranged if necessary. The main responsibilities of the Finance and Operations Committee include:

- Developing a financial strategy for the Trust
- the initial review and authorisation of the annual budget
- the regular monitoring of actual expenditure and income against budget, drawing matters of concern to the attention of the Trust Board
- ensuring that the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance to academies for review and approval by the Audit Committee
- liaise with and receive reports from the Audit and Risk Committee to make recommendations to those Committees about the financial aspects of matters being considered by them
- monitor and review procedures for ensuring the effective implementation and operation of financial controls on a regular basis and make recommendations for improvement
- recommending the award of contracts and purchases, in line with the Schedule of Delegated Authorities
- to make recommendations to the Trust Board as to the remuneration, benefits and incentives of senior executives
- to determine the policy for and scope of pension arrangements, service agreements for senior executives, termination payments and compensation commitments

2.5 LAAT Audit and Risk Committee

2.5.1 The Audit and Risk Committee meets as often as necessary, but meetings will be held at least three times a year. The main duties of the Audit and Risk Committee include:

- To consider the appointment of the external auditor and assess independence of the external auditor, ensuring that key audit personnel are rotated at appropriate intervals.
- To recommend the audit fees to the Trust Board and pre-approve any fees in excess of £10,000 in respect of non-audit services provided by the external auditor and to ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity.
- To oversee the process for selecting the external auditor and make appropriate recommendations through the Trust Board to the members of the Trust to consider at any general meeting where the accounts are laid before members.
- To discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor receives the fullest co-operation.
- To review the external auditor's annual management letter and all other reports and recommendations, together with the appropriateness of management's response.
- To review the performance of the external auditor on an annual basis.
- To recommend to the Trust Board the /re-appointment of the external auditor.
- To review and consider the circumstances surrounding any resignation or dismissal of the external auditor.
- To review the internal audit programme and ensure that the function is adequately resourced and has appropriate standing within the Trust
- To review the reports and recommendations, together with the appropriateness of management's response.
- To monitor the implementation of action agreed by management in response to reports from the external auditor and Responsible Officer/Internal Auditor.
- To keep under review the Trust's financial management and reporting arrangements, providing constructive challenge (where necessary) to the actions and judgements of management in relation to the interim management and financial accounts, statements and reports and the annual accounts and financial statements, prior to submission to the Trust Board.

2.6 LAAT Finance and Operations Director

2.6.1

The main financial responsibilities of the LAAT Finance and Operations Director are:

- Preparing annual budgets and medium term financial plans for review and approval by the central leadership team and the LAAT Board
- managing day-to-day financial issues of LAAT including the establishment and operation of a suitable accounting system;
- managing LAAT's financial position at a strategic and operational level within the framework for financial control determined by the Board;
- maintaining effective systems of internal control across the whole of LAAT;
- ensuring the annual accounts are presented properly and supported adequately by the underlying books and records of LAAT;

- preparing monthly management accounts for LAAT;
- authorising purchases in line with the LAAT's Scheme of Delegated Authorities
- ensuring forms and returns are sent to the ESFA in line with the timetable it prescribes;
- controlling procurement procedures and acting as the *'Procurement Champion'* for LAAT;
- supporting and overseeing finance and support staff;
- identifying and addressing financial training needs within LAAT.

2.6 Schools Reference Group

The Schools Reference Group is an elected group consisting of school leaders, academy committee members and central team members. The Schools Reference Group is responsible for:

- Agreeing baseline staffing models for each school
- Validating individual schools' staffing budget proposals against the model, either recommending them for approval, or proposing alternative solutions.
- Working with the Estates Manager to determine how Schools Capital Funding is allocated.
- Recommending how any additional Trust-wide surpluses are spent.

2.7 Internal Audit

27.1 Internal Audit is appointed by the Accounting Officer to provide Directors with an independent oversight of the organisation's financial affairs. The main duties of Internal Audit are to provide LAAT Directors with independent assurance that:

- the financial responsibilities of the LAAT are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and are consistent across academies and central office;
- procurement procedures are being followed correctly;
- risks relating to procurement procedures, authorisation limits and governance are being kept under review;
- any other specific risks identified from time to time by the Audit and Risk Committee are being kept under review; and
- financial considerations are fully taken into account in reaching decisions.

2.6.2 Internal Audit will undertake a programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the LAAT. A report of the findings from each visit will be presented to the Audit and Risk Committee and LAAT Board.

3. Register of Pecuniary Interests

3.1 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all LAAT Directors/Members/Local Academy Committee members and any staff/partners/subcontractors/ suppliers with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the organisation

may purchase goods or services. The register is open to public inspection and should be disclosed on the Trust's and the School's websites.

3.2. The register should include all business interests such as directorships, share holdings 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 Director/Member/Local Academy Committee member or a member of staff by that person.

3.3 The existence of a register of pecuniary interests does not, of course, detract from the duties of LAAT Directors/Members/Local Academy Committee members and staff to declare interests whenever they are relevant to matters being discussed by the Board or a committee. Where an interest has been declared, those declaring an interest should not attend that part of any committee or other meeting.

4. Accounting system

4.1 Accounting System

All the financial transactions of the LAAT and each School must be recorded on the accounting system. The accounting system is operated by the LAAT Finance Team and anyone appointed by the LAAT with appropriate skills and experience and consists of:

- Online ordering portal
- Bank/Cash Transactions
- Purchase Ledger
- Sales Ledger
- General Ledger
- Asset System Management & Depreciation
- All routine Reporting
- System administration

4.2 System Access

4.2.1 Entry to the accounting system is password restricted and passwords are changed every 3 months. At no time should an individual disclose their password to anyone else. It is expressly forbidden for more than one person to access the financial system using the same user name/password.

4.2.2 Access to the various components of the accounting system is restricted according to job role as agreed by the Finance and Operations Director. Budget holders will have password secured access to the online module for the purposes of requisitioning goods and authorising purchase orders and invoices.

4.2.3 Under no circumstances should the password to the online ordering portal be shared.

4.2.3 Where it is suspected that unauthorised access to any system has taken place, the Finance and Operations Director shall be notified immediately.

4.2.4 For further information and guidance, please refer to the IT policy.

4.3 Back-up Procedures

4.3.1 The LAAT Finance and Operations Director is responsible for ensuring that there is effective back up procedures for accounting data and that provision is made for restoring data in a disaster.

4.3.2 The LAAT Finance and Operations Director will prepare a disaster recovery plan in the event of loss of a financial system or other critical financial data. This should link in with the annual assessment made by LAAT Directors/Local Academy Committee members of the major risks to which the LAAT/School is exposed and the systems that have been put in place to mitigate those risks.

4.3 Transaction Processing

4.3.1 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual and the Delegated Scheme of Authorities. More detailed guidance for the operation of the payroll, the purchase ledger and the sales ledger are included in the relevant standard operating procedures for each area.

4.3.2 Detailed information on the operation of the accounting system can be found in the user manuals available to all Schools.

4.4 Financial planning

4.4.1 The School, in conjunction with Finance Business Partners, prepares medium term (three years) and annual financial plans.

4.4.2 The medium-term financial plans are prepared as part of the development planning process. The development plan indicates how the School's educational and other objectives are going to be achieved within the expected level of resources over the next three year period.

4.4.3 The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the School and the planned use of those resources for the following year.

4.6 Annual Budget

4.6.1 The LAAT Finance and Operations Director, is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Accounting Officer, the Finance and Operations Committee and the LAAT Board.

4.6.2 The approved budget must be submitted to the ESFA by the specified deadline each year and the LAAT Finance and Operations Director is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

4.6.3 The annual budget will reflect the best estimate of the resources available to the Trust 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.

4.6.4 The budgetary planning process will incorporate the following elements:

- A budget timetable, together with key budget assumptions and workbooks will be issued by the central finance team
- Head Teachers are responsible for producing pupil forecasts for future years taking into account local demographic information
- The Head Teachers and Finance Business Partners should then review other grants and income sources available to the School, Staffing levels should be set taking into account pupil forecasts and needs. Staffing levels are then reviewed by the Schools Reference Group who will either agree or request changes to be made in conjunction with the Head Teacher and Education Team.
- Other schools' operating costs should be determined by at development plan objectives, potential efficiency savings and fluctuations caused by changes in pupil numbers
- Property budgets will be proposed by the Estates Manager using the Assessed Needs Surveys which are derived from Site Condition Surveys and School Development plans
- The central budget will be prepared by the central finance team in collaboration with central department leads
- Central overheads are then allocated to schools to bring the schools back to a break-even position.

4.7 Finalising the Budget

4.7.2 The LAAT Finance and Operations Director is responsible for presenting the overall organisational budget to the Finance and Operations Committee for scrutiny and to the LAAT Board for overall approval. Once approved, the budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

4.8 Monitoring and Review

4.8.1 It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Finance Business Partners will ensure that budget holders have the appropriate information to enable them to proactively monitor and manage their budget.

4.8.3 Any potential overspend against the School budget must in the first instance be discussed with the Finance Business Partners and Head Teacher, and then highlighted to the central leadership team, together with a plan of corrective action.

4.8.4 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast, it may be appropriate to vire money from another budget or from the contingency. Virements must be authorised in line with the Schedule of Delegated Authorities.

5 Payroll and Staffing

5.1 Staff Appointments

5.1.1 Each School has an agreed personnel establishment. All new appointments must be made in accordance with the LAAT's Scheme of Delegation. In addition, any appointments outside of those agreed in the approved budget must be authorised by the Recruitment Approval Panel which meets each week.

5.2 Payroll Administration

5.2.1 Payroll is administered by an outsourced payroll provider. The Head Teacher, is responsible for ensuring that the information given to the payroll provider is up to date and complete.

5.2.2 All staff are paid monthly by BACS. A master file is created for each employee which records:

- salary;
- duty information and hours;
- bank account details;
- taxation status;
- personal details and
- any deductions or allowances payable.

5.2.3 Details of sickness and other absences, changes to contracts, including details of any new appointments, terminations, contract changes or additional payments must be reviewed and authorised by the Head Teacher before being submitted to LAAT Central Office and the outsourced Payroll Provider.

5.2.4 New staff can only be added to the payroll with the express authorisation of the Head Teacher. New staff must complete all relevant payroll documents, as failure to do so may result in non-payment of salary. In these circumstances, the salary payment may not be made until the next payroll run in the following month.

5.2.5 The School's payroll must be authorised by the Head Teacher/Head of School. The Head Teacher/Head of School will confirm their approval to the Business and Operations Manager, Senior Finance Business Partner, Finance Manager and the S Finance and Operations Director.

5.2.6 The LAAT central payroll must be approved by the Chief Executive, in conjunction with the Finance and Operations Director.

5.2. Once all approvals have been received, the total payroll figures for each school and the central payroll are matched to the pre-submission BACS report. Two out of four of the Business and Operations Manager, Senior Finance Business Partner, Finance Manager and Finance and Operations Director will then approve the payroll on the payroll provider's portal.

5.3 Pensions

5.3.1 All staff members will be automatically enrolled in either the Teachers' Pension Scheme or the Local Government Pension Scheme as applicable to the Academy or Central Office.

5.3.2 Those members of staff not wishing to join must complete an opt out form.

- **5.4 Staff Loans**

5.5.1 Under no circumstances can loans be made by the School or LAAT central team.

5.5 Staff Expenses

5.6.1 Employees may claim reimbursement for expenditure that is incurred wholly and exclusively in respect of LAAT business and provided that claims are made in accordance with the LAAT expenses policy.

6 Purchasing

6.1 The LAAT will attempt to achieve the best value for money from all purchases. This means getting what is needed in the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and there is a need to maintain the integrity of these funds by following the general principles of:

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy;
- **Accountability**, the academy is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness**, that all those dealt with by the academy are dealt with on a fair and equitable basis.

As far as possible, schools should use Trust-wide preferred suppliers and group purchasing arrangements in order to harness cost savings and reduce transactional processing costs. Detailed purchasing procedures are contained within the Purchasing Guide.

The Trust's funds must not be used to purchase alcohol for consumption, except where it is to be used in religious services.

6.2 Routine Purchasing (Non-central)

6.2.1 Routine purchases can be ordered by budget holders within the limits specified in the Schedule of Delegated Authorities.

6.2.2 In the first instance, a supplier should be chosen from the list of approved suppliers maintained by the LAAT Finance Team and held on the accounting system's database. A quote or price must always be obtained **before** any order is placed. If the budget holder feels that it is necessary to obtain goods or services from a supplier not on the approved supplier list, the reasons for this decision must be discussed and agreed with the LAAT Finance Manager.

6.2.3 Orders must be raised for all goods and services.

6.2.4 Finance and Admin Officer is responsible for creating orders within the online ordering system for electronic approval by the relevant Budget Holder in line with the LAAT's Scheme of Delegated Authorities.

6.3 Orders over £1,000 but less than £25,000

6.3.1 At least three written quotations should be obtained for all orders between £1,000 and £25,000 to identify the best source of the goods/services. Written details of quotations obtained should be retained by budget holders for audit purposes. Screen prints from website which identify the goods and clearly show a price, including delivery charge, are also acceptable.

6.3.2 Where goods or services are of a specialist nature and the purchasing decision is driven by quality, rather than price, the requirement for three prices may be foregone. In these circumstances, guidance should be sought from the Finance and Operations Director and the reasons for any decision documented in full.

6.3.3 Where a purchasing decision is driven by an emergency and a contractor is required urgently, the requirement for three prices may be foregone. In these circumstances, guidance should be sought from the Finance and Operations Director and the reasons for any decision documented in full.

6.3.4 For the avoidance of doubt, annual renewals of systems licences are exempt from the requirement to obtain written quotes at each renewal date.

6.4 Orders over £25,000

6.4.1 All goods/services ordered with a value over £25,000 or for a series of contracts which in total exceed £25,000 must be subject to formal tendering procedures. If the estimated whole life of the contract for goods or services is over £189,330 (threshold with effect from 1 January 2020), then it is likely to fall under EU procurement rules and further guidance should be sought.

6.4.2 If a School is considering the purchase of goods or services which will require the use of formal tendering procedures, further guidance should be sought from the Finance Business Partner overseeing that school. In addition, more information about tendering is provided in the Purchasing Guide.

6.6 Charge Cards

6.6.1 Where appropriate, the School's purchasing card can be used to make payments. These should **only** be used where no suitable supplier exists within the supplier database and payment by BACS is not possible.

6.6.2 A purchasing card form must be completed before purchase and authorised; if the value of the purchase is unknown then a projected cost should be included on the form.

6.6.3 Purchasing card purchases are limited to a maximum of £1,500 per card per month (£2,000 LAAT central card). Single transactions are limited to £400 (£1,500 LAAT central card). There may be times by exception when the single transaction limit can be raised to enable a purchase to be made, but on these occasions, the uplift will be on a temporary basis and with the prior approval of the Finance Manager or Finance and Operations Director.

6.6.4 The detailed guide for purchasing cards gives further information.

6.7 Supplier Payments

6.7.1 All suppliers should be paid by BACS unless there are exceptional reasons why this is not possible. The BACS payment process is carried out by the LAAT Finance team.

6.7.2 Under no circumstances are suppliers to be paid by cash.

6.7.3 The Payments to Suppliers operational guide gives further information.

6.7.4 Supplier statements must be requested from all key suppliers. A reconciliation should be carried out between the balance on the purchase ledger and statements received by suppliers. Copies of both supplier statements and supplier statement reconciliations should be retained on file.

6.8 Central overheads

6.8.1 The central overhead budget will include costs for all central staff, together with Trust-wide costs that are procured centrally, including for example, IT costs, Trust-wide CPD and professional fees.

6.8.2 Central overheads are recharged back to schools based on a value calculated annually in the budget setting process. The amount charged is the amount that brings the school into a break-even position.

6.8.3 Any surpluses emerging in excess of budget that are not the result of school specific fund-raising activities, including wrap-around care, business donations and private nursery fees will be returned to the centre and their use determined by the School Reference Group.

6.8.4 If a Headteacher or Academy Committee Chair disagrees with the apportionment of overheads, they must set out in writing their reasons to the Chair of the Finance and Operations Committee. The Finance and Operations Committee will consider these representations at the next committee meeting following receipt of the letter and decide whether to uphold the budgeted allocation of overheads or to amend the basis of calculation. If the Headteacher or Academy Committee Chair is unhappy with the decision of the Finance and Operations Committee, they have the right of appeal to the Board of Trustees who will consider the decision at the meeting following receipt of appeal. The decision of the Board of Trustees is final.

7 Income

7.1 The main sources of income for the School are the grants from the ESFA. The receipt of these sums is monitored directly by the central Finance Team who are responsible for ensuring that all grants due to the School are collected.

7.1.2 In addition, Higher Needs Funding and Early Years Funding for individual Schools are paid by the Local Authorities into the central bank account. This is allocated to each School by the central Finance team. However, responsibility for ensuring that payments are received in full remains with the school.

7.1.3 The School also obtains income from:

- students, mainly for trips and lunches
- the provision of wrap around care and nursery places
- sale of uniform
- the public, mainly for sports lettings and use of accommodation.
- donations and gifts

7.2 Trips and Lunches

7.2.1 A trip organiser must be appointed for each trip to take responsibility for liaising with the Finance and Admin Officer regarding costs and organising the collection of sums due. In conjunction with the Finance and Admin Officer, the lead teacher must prepare a record for each student intending to go on the trip showing the amount due. For the majority of local trips, the lead teacher will delegate responsibility for managing these records to the Finance and Admin Officer. The payments due will be collected using the School's cashless payments system.

7.2.2 If insufficient funds are received to cover the costs of the trip, the Head Teacher must make a decision as to whether the trip will go ahead.

7.2.4 Payments for school lunch are made weekly by parents and are recorded individually by administrative staff. A record of the lunches paid for is kept electronically.

7.3 Wrap around care and Nursery Places

7.3.1 The Wrap Around Care/Nursery Manager is responsible for maintaining records of bookings and attendance at wrap around care facilities. The Wrap Around Care /Nursery Manager is responsible for notifying the Finance and Admin Officer to enable him/her to invoice accordingly.

7.4 Lettings

7.4.1 The hire of school premises must be carried out in accordance with LAAT's Lettings Policy.

7.4.2 All monies due must be received before the letting goes ahead.

7.5 Incoming Donations

7.5.1 Donations can only be accepted that are compatible with the Academy Trust's aims and ethos. They must also align with any strategic plans and the source of the donation must not bring the Trust into disrepute.

7.5.2 If donations have been received for a specific purpose, the full amount of expenditure must be taken into account when determining the appropriate approval levels under the Schedule of Delegated Authorities.

7.5.2 The Donations, Gifts and Hospitality policy gives further guidance on the acceptance of donations.

7.6 Receipts and Banking

7.6.1 Cash should not be accepted as a means of payment and families and carers should be encouraged to use the School's cashless systems as far as possible.

7.6.2. Cash should only be accepted in the case of fund-raising activities such as school discos, summer fayres etc.

7.6.3 Wherever possible, the handling of monies should be restricted to the School Office staff. Cheques must not be accepted with the payee line left blank.

7.6.4 All cash and cheques received must be kept in the safe and banked every week or more frequently if the cash sums collected could exceed the limits prescribed by the School's insurance cover.

7.7 Arrears Management

7.7.1 For debts over 30 days old, statements should be issued and amounts chased to ensure payment is made on a timely basis.

7.7.2 Any outstanding balances over 60 days old for wrap around care or nursery services should be referred to the Head Teacher immediately and consideration given to withdrawing the service from the individual /organisation concerned.

7.7.3 Any debts which remain outstanding after 90 days should be referred to the central Finance Team for further guidance.

7.7.4 It is not permitted for the Finance Business Partner to write off debts on the sales ledger with the exception of small rounding adjustments up to £5.00.

7.7.5 Any formal write-off of debts must be in accordance with the Schedule of Delegated Authorities.

8 Cash Management

8.1 Bank Accounts

8.1.1 The opening of all bank accounts must be authorised in accordance with the LAAT's Scheme of Delegation.

8.2 Deposits

8.2.1 Particulars of any deposit, including payee names, must be entered on a copy paying-in slip and listed on a supporting spreadsheet for posting to the accounting system.

8.2.2 Further details can be found in the Income and Receipts Guidance.

8.2.3 All cash receipts should be paid directly into the bank. The LAAT does not permit the cashing of personal cheques in any circumstances.

8.3 Payments

8.3.1 All payments should be made by BACs wherever possible. BACs payment runs are generated using the accounting software package and the file uploaded into the BACs software. Prior to upload, the BACs payment file should be approved by the Finance Manager, Business and Operations Manager or Finance and Operations Director.

8.3.2 Under no circumstances should the bank details contained within the BACs upload text file be amended without the express permission of the Finance and Operations Director.

8.3.3 The release of BACs payment files should be approved by two signatories in accordance with the bank mandate.

8.3.4 The supplier payments procedural guide gives further information.

8.4 Administration

8.4.1 The LAAT Finance Team will ensure that the bank reconciliation is performed on a daily basis.

8.4.2 The bank reconciliation must be checked and then signed and dated by a person independent of the preparer and retained on file.

9 Fixed assets

9.1 Asset register

9.1.1 All items purchased with a value over the LAAT's capitalisation limit must be entered in an asset register (This also includes group purchases totalling the capitalisation limit). The capitalisation limit has been set at £1,000. The asset register should include 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

9.1.2 The Asset Register helps:

- 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;
- to manage the effective utilisation of assets and to plan for their replacement;

- help the external auditors to draw conclusions on the annual accounts and the LAAT's financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

9.2 Depreciation

9.2.1 Freehold land is not depreciated. For all other tangible fixed assets, depreciation is charged on a straight line basis to write off cost less estimated residual value over their useful economic lives. Depreciation is charged against restricted or unrestricted funds as appropriate. Depreciation rates are as follows:

Leasehold land: 2%

Leasehold buildings: over the term of the lease

Property improvements: 10%

Furniture and equipment: 20%

Computer equipment: 33%

9.3 Security of assets

9.3.1 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

9.3.2 All the items in the fixed asset register should be permanently and visibly marked as belonging to the School or the LAAT and there should be a regular (at least annual) review by someone other than the person maintaining the register. Discrepancies between the physical verification and the amount recorded in the register should be investigated promptly and, where significant, reported to the Finance Manager. Inventories of School property should be kept up to date and reviewed regularly. Where items are used by the School but do not belong to it this should be noted.

9.3.3 Items of School or LAAT equipment must not be removed from the premises without the authority of the individual's Line Manager. Any equipment that is taken off site must be recorded in a register which must be signed by the individual to whom the equipment is issued.

9.3.4 The security and safekeeping of School/LAAT equipment used outside of business premises is the responsibility of the employee issued with the equipment.

9.4 Disposals

9.4.1 Items which are to be disposed of by sale or destruction must be authorised for disposal in line with the Schedule of Delegated Authorities. The School must seek the approval of the DfE (via LAAT) in writing if it proposes to dispose of an asset for which a capital grant in excess of £20,000 was paid.

9.4.2 Disposal of equipment to staff is not permitted, except with the express permission of the Chief Executive.

9.4.3 All IT equipment, including decommissioned but still functioning PCs, must be disposed of via a specialist contractor and in accordance with WEEE (waste electrical and electronic equipment) regulations. The process of disposal ensures that equipment is completely wiped of data and software by the contractor. It also ensures that any future legal responsibility for the equipment rests with the contractor, NOT the LAAT. A certificate of destruction must be obtained from the contractor.

9.4.4 The School is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other School assets. If the sale proceeds are not reinvested then the School must repay to the DfE a proportion of the sale proceeds.

9.4.5 Disposals of land are a matter for the LAAT Board for consideration.

10 Management Accounts

10.1 The Central Finance Team is responsible for preparing monthly management accounts for each School and the LAAT overall. A monthly timetable will be issued setting out the processing timescales both at individual School and overall LAAT level.

10.2 Reconciliations

10.2.1 The LAAT Finance Team is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- sales ledger control account;
- purchase ledger control account;
- payroll control account;
- assets system to nominal ledger balance sheet;
- all suspense accounts – cleared down;
- bank balance per the nominal ledger to the bank statement;

10.2.2 Any unusual or long outstanding reconciling items must be brought to the attention of the Finance Manager in the first instance. The Finance Manager will review and sign all reconciliations as evidence of this review and seek advice from the Finance and Operations Director as to how these items should be dealt with

10.3 Reporting

10.3.1 As a minimum, management accounts will consist of the actual figures for the month and year to date compared to budget and a year-end forecast. The forecast should be discussed with each individual Head Teacher at regular intervals and updated on a quarterly basis by the Finance and Business Partner or Finance Manager as appropriate.

10.3.2 At overall Trust level and as a minimum, the management accounts will consist of the actual figures for month and year to date compared to budget, a year end forecast, a balance sheet and cashflow forecast. The accounts should be circulated to the Chair of the Trustees and the Chair of

the Finance and Operations committee on a monthly basis and circulated to all Directors at least six times per annum and be shared at Board meetings.

10.4 Period Close

10.4.1 Once the accounts have been reviewed and agreed by the Finance and Operations Director, the period should be closed and no further postings should be made to this period.

11 Reserves, Investment and Cash Flow

11.1 Investments and Cash flow

11.1.1 Regular cash flow reports are to be prepared and monitored to ensure there are adequate available liquid funds to meet all day to day working capital requirements.

11.1.2 Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested following approval from the Finance and Operations Committee. Investments can be placed either on short term treasury deposit or held in high interest deposit accounts.

11.1.3 Approval must be signed off and recorded in the committee minutes. In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk.

11.1.4 The Board is responsible for regular review of investments.

11.2 Reserves

11.2.1 The LAAT intends to build up a prudent level of reserves over a period of time and will review the level of reserves annually. Reserves are pooled across the Trust and the overall total should equal between one and two months' worth of operating expenditure.

11.2.2 A level of reserves should be maintained to ensure that the LAAT has sufficient working capital requirements to take account of short term fluctuations in funding and expenditure and to support future growth plans.

11.2.3 For the purposes of this policy, the reserves balance excludes restricted fixed assets funds and liabilities arising from the Local Government Pension Schemes (LGPS).

11.2.4 The use of reserves must be authorised in line with the LAAT's Scheme of Delegation.

12 Fraud

12.1.1 If an individual suspects that fraud has been attempted or committed, or witnesses any unusual activity, this should be reported immediately in accordance with section 12.2 below. Failure to do so is in itself a breach of LAAT policy.

12.1.2 Further information about what might constitute fraud is given in the Fraud policy document. In addition, further guidance can be sought from the LAAT's Finance Manager.

12.1.3 All reported cases of fraud will be fully investigated and may result in disciplinary actions against individuals and referrals to outside agencies, such as the Police, Action Fraud and Safeguarding.

12.2 Reporting Suspected Fraud

12.2.1 Suspected or fraudulent activity should be reported to either the individual's Line Manager, the LAAT Finance Manager or alternatively by following the LAAT's Whistleblowing Policy.

12.2.2 Concerns can be made verbally or in writing and should give as much detail as possible.

12.2.3 All allegations of fraud will be reported to the Finance and Operations Committee. The Chief Executive will be responsible for determining whether this requires immediate notification or whether it will be reported at the next Finance Committee meeting.

12.2.4 The Finance and Operations Director will be responsible for notifying the ESFA of any fraud where the value exceeds £5,000, individually or cumulatively, or of any fraud regardless of value where the fraud is unusual or systematic.

13 Whistleblowing

13.1 Please refer to the Whistleblowing Policy for further guidance.

14 Gifts and Hospitality

14.1 Please refer to the Donations, Gifts and Hospitality policy for further guidance.

15 Retention of Records

15.1.1 As a general rule, financial records must be kept for a minimum of 7 years. An exception to this is for records relating to property assets which must be kept for the life of the asset and then for an additional 15 years.

15.1.2 At the end of each financial year, financial records should be labelled with the date and description and stored in a manner that allows them to be retrieved if necessary.

15.1.2 Unless any of the documentation relates to an ongoing legal or tax dispute, records that have exceeded the necessary retention limits should be disposed of securely.