



Finance Policy

Lincoln Anglican Academy Trust

Contents

- 1 Overview**
- 2 Organisation**
- 3 Register of Pecuniary Interests**
- 4 Accounting System**
- 5 Financial Planning**
- 6 Payroll**
- 7 Purchasing**
- 8 Income**
- 8 Cash Management**
- 9 Fixed Assets**
- 10 Management Accounts**
- 11 Reserves, Investment and Cash Flow**
- 12 Fraud**
- 13 Whistleblowing**
- 14 Donations, Gifts and Hospitality**
- 15 Retention of Records**

1. Overview

1.1 The purpose of this handbook 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 Academies Financial Handbook (published by ESFA).

1.2 Each School must comply with the principles of financial control outlined in the Academies Financial Handbook published by the ESFA. This handbook 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, Staff and all parties engaged by or with the LAAT to observe both 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. Organisation

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 for any sums proposed that will exceed £50,000 (before income tax and other deductions)

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 The Local Governing Body

2.4.1 The responsibilities of the Local Governing Body include:

- the initial review and authorisation of the annual budget for their School
- ensuring that income relating to the charitable objects of the LAAT is used only for the purposes intended
- the regular monitoring of performance against budget
- reviewing Internal Audit reports on the effectiveness of the financial procedures and controls
- recommending the award of contracts and purchases >£10,000 for Board approval, in line with the Schedule of Delegated Authorities
- reviewing all procurements where tenders have been raised
- ensuring that the School achieves value for money when procuring goods and services
- recommending changes to the academy personnel establishment for approval in line with the Schedule of Delegated Authorities

2.5 LAAT Finance Committee

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

- the initial review and authorisation of the annual budget
- the regular monitoring of actual expenditure and income against budget
- ensuring that the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance to academies
- reviewing Internal Audit reports on the effectiveness of the financial procedures and controls. These reports must also be shared with the full Board
- making recommendations about the appointment of External Auditors
- making recommendations around the role of Internal Audit and any appointments to this post
- recommending the award of contracts and purchases >£50,000 for Board approval, in line with the Schedule of Delegated Authorities
- reviewing all procurements where tenders have been raised
- recommending changes to the School personnel establishment for Board approval where required by the Schedule of Delegated Authorities

2.6 LAAT Finance Director

2.6.1 The LAAT Finance Director works in close collaboration with Head Teachers through whom he/she is responsible to the Board. The LAAT Finance Director also has direct access to the Board via the Finance Committee.

The main responsibilities of the LAAT Finance Director are:

- Working with Head Teachers and LAAT Senior Leadership to preparing annual budgets and medium term financial plans for review and approval by the Local Governing Body 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 the School Business Managers/Finance Administrators; and
- identifying and addressing financial training needs within LAAT.

2.7 Internal Audit

2.7.1 Internal Audit is appointed by the Accounting Officer to provide Governors and Directors with an independent oversight of the organisation's financial affairs. The main duties of Internal Audit are to provide LAAT Directors/Local Governing Body with independent assurance that:

- the financial responsibilities of the LAAT/Local Governing Body 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;
- 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 Committee are being kept under review; and
- financial considerations are fully taken into account in reaching decisions.

2.7.2 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/ Local Governing Body. A report of the findings from each visit will be presented to the Local Governing Body 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/School Governors 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.

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 Governor 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 governors and staff to declare interests whenever they are relevant to matters being discussed by the Governing Body or a committee. Where an interest has been declared, governors and staff 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 School Business Managers/Finance Administrators 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 Director of Finance. Budget holders will have password secured access to the online module for the purposes of requisitioning good sand authorising purchase orders and invoices.

4.2.3 Where it is suspected that unauthorised access to any system has taken place, the Finance 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 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 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/Boards of Governors 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 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.

4.4.4 The development planning process and the budgetary process are described in more detail below.

4.5 Development Plan

4.5.1 The development plan is concerned with the future aims and objectives of the School and how they are to be achieved; that includes matching the School's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "Big Picture" within which more detailed plans may be integrated.

4.5.2 The form and content of the development plan are matters for the School to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE. LAAT uses specialist budgeting software for this purpose which links with the accounting software package.

4.5.3 Each year the Head Teacher will propose a planning cycle and timetable to the Governing Body which should allow sufficient time for plans to be incorporated within the annual budget.

4.5.4 The completed development plan will include detailed objectives for the coming academic year and outline broad 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.

4.5.5 For each objective, the lead responsibility for ensuring progress is made towards the objective will be assigned to a senior member of staff. That staff member should monitor performance against the defined success criteria throughout the year and report to the senior management team on a termly basis. The senior management team through the Head Teacher will report to the Local Governing Body and the LAAT Chief Executive if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

4.6 Annual Budget

4.6.1 The LAAT Finance Director, in conjunction with the Head Teachers, is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Accounting Officer, the Finance 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 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 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.

4.6.4 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 sources available to the School to assess likely level of receipts;

- review of past and forecast performance against budgets to promote an understanding of the School's cost base;
- review of staffing levels in light of pupil forecasts and needs
- 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.

4.7 Balancing the Budget

4.7.1 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, this may be held back as a contingency or alternatively allocated to areas of need.

4.8 Finalising the Budget

4.8.1 Once the different options and scenarios have been considered, the draft budget should be reviewed by the Governing Body.

4.8.2 The LAAT Finance Director is responsible for presenting the overall organisational budget to the Finance 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.

4.8.3 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action.

4.9 Monitoring and Review

4.9.1 It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. The School Business Manager/Finance Administrator will ensure that budget holders have the appropriate information to enable them to proactively monitor and manage their budget.

4.9.2 Monthly budget monitoring will be undertaken by the LAAT Finance Director. Monthly reports will be prepared by the LAAT Finance Team working with LAAT Head Teachers. The reports will detail actual income and expenditure against budget at a summary level for the Head Teacher and the Local Governing Body.

4.9.3 Any potential overspend against the School budget must in the first instance be discussed with the LAAT Finance Director and Head Teacher, and then highlighted to the Local Governing Body.

4.9.4 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 above £10,000 must be authorised by the LAAT Board.

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 LAAT Chief Executive.

5.1.2 The Headteacher has authority to appoint staff within the authorised establishment except for Deputy Headteacher whose appointment must follow formal consultation with the Governors. It is normal practice within the School to consult with the Chair of the Local Governing Body on teacher and other senior support staff appointments and to involve members of the Local Governing Body in the appointment process. The School Business Manager/Finance Administrator maintains personnel files for all members of staff which include contracts of employment.

5.2 Payroll Administration

5.2.1 Payroll is administered by an outsourced payroll provider. The Head Teacher, in conjunction with the School Business Manager/Finance Administrator, 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 are prepared by administrative staff and must be 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 and the Finance Manager via the payroll provider portal prior to submission.

5.2.6 The LAAT payroll must be checked by the HR Manager and approved by the Chief Executive, in conjunction with the Finance Director. Approval is via the payroll provider portal.

5.2.7 The School Business Manager/Finance Administrator, together with the Central Finance Team, should prepare a reconciliation between the current month's payroll costs, the contract of employment record and the budget and investigate and deal with discrepancies. This reconciliation should be carried out promptly and any identified discrepancies reported to the Head Teacher.

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 Payroll Documentation

5.4.1 Personnel files should be kept locked away with access restricted to named employees.

The following information should be kept in each staff member file and signed accordingly:

- checklist;
- new starter forms;
- offer letter;
- references;
- contract;
- job description; and
- all documentation evidencing variations to any of the above.

5.4.2 Any changes to the budgeted staffing structure and assumptions should be updated on the budgeting software to enable salary statements to be produced.

5.5 Staff Loans

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

5.6 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.

The LAAT will work closely with all the Schools within the LAAT to support the development of cross-organisational buying power. Detailed purchasing procedures are contained within the Purchasing Guide.

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 with the exception of utilities costs.

6.2.4 The School Business Manager/Finance Administrator 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.

6.4 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 £181,302 (threshold with effect from 1 January 2018), then it is likely to fall under EU procurement rules and further guidance should be sought.

6.5 Formal Tendering Procedures

6.5.1 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 Director. 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 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. The School Business Manager/Finance Administrator is required to reconcile the card payments each month to the statement of activity and posting the transactions in full onto the accounting system.

6.6.3 The purchasing card can also be used to withdrawal petty cash to top up the petty cash float.

6.6.4 Purchasing card purchases and cash withdrawals are limited to a maximum of £1,500 per card per month. Single transactions are limited to £400 and petty cash withdrawals are limited to £150 per withdrawal.

6.6.5 The detailed guides for purchasing cards and petty cash give 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 If there is an exceptional reason why a cheque payment is required, a request should be sent to the central finance team, together with the relevant paperwork.

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

6.7.4 The Payments to Suppliers operational guide gives further information.

6.8 Supplier Statements

6.8.1 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

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
- 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 School Business Manager/Finance Administrator regarding costs and organising the collection of sums due. In conjunction with the School Business Manager/Finance Administrator, 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 School Business Manager/Finance Administrator.

7.2.2 Pupils should make payments to the School Business Manager/Finance Administrator who should make a record of individual payments received and pass this record to the lead teacher.

7.2.3 With residential trips the School Business Manager/Finance Administrator should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be regularly updated as payments are made and parents kept informed through a payment record of amounts outstanding.

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. All monies are checked and then passed to the School Business Manager/Finance Assistant for paying in to the central bank account.

7.3 Wrap around care

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

7.3.2 The School Business Manager/Finance Administrator will establish a sales ledger account for each child to produce a sales invoice from the accounting system. Invoicing is normally monthly in advance.

7.3.3 The School Business Manager/Finance Administrator is responsible for ensuring that amounts invoiced reconciled to the attendance lists.

7.3.4 Receipts must be issued for all wrap around care payments received.

7.3.5 The School Business Manager/Finance Administrator is responsible for monitoring payments received and providing the Wrap Around Care Manager with a list of outstanding amounts.

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 The School Business Manager/Finance Administrator will establish a sales ledger account and produce a sales invoice from the accounting system.

7.4.3 The School Business Manager/Finance Administrator is responsible for ensuring that amounts due are chased to ensure that payment is made on a timely basis.

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 The use of cash as a means of payment should be discouraged as far as practicable.

7.6.2 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.

7.6.3 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.

7.6.4 Monies collected must be banked in their entirety into the central bank account. The School Business Manager/Finance Administrator is responsible for ensuring that monies banked agree to source records such as trip records and attendance sheets.

7.6.5 The School Business Manager/Finance Administrator is responsible for ensuring that monies collected by the School are recorded promptly on the accounting system.

7.6.6 The LAAT Finance Team will visit the School at regular intervals to check that income banked agrees to source records such as trip records and attendance sheets. These checks will be formally recorded.

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 for wrap around care over 60 days old 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 School Administrator 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.

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

8.3 Payments

8.3.1 All cheques and other instruments authorising withdrawal from the LAAT central bank account must bear two signatories in accordance with the bank mandate.

8.3.2 Cheques should only be signed for invoices which have been approved in line with the LAAT's purchasing procedures. Signatories should not sign cheques without a payee or supporting documentation.

8.3.3 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 or Finance Director.

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

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

8.3.6 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.

8.5 Petty Cash Accounts

8.5.1 The Academy is permitted to maintain a maximum cash balance of £150. The cash is administered and managed by the School Business Manager and is kept in the office safe.

8.6 Deposits

8.6.1 The only deposits to petty cash should be from cash withdrawals specifically for the purpose of topping up the petty cash float. The receipt should be recorded in the petty cash system with the date and amount. All other cash receipts should be paid directly into the bank. The LAAT does not permit the cashing of personal cheques in any circumstances.

8.7 Payments and Withdrawals

8.7.1 In the interests of security, petty cash payments will be limited to £25. Higher value payments should be made by BACs, or in certain circumstances, the School purchasing card.

8.7.2 The LAAT Finance Team will scrutinise petty cash records at regular intervals to ensure that petty cash usage is not excessive.

8.8 Administration

8.8.1 The School Business Manager/Finance Administrator is responsible for entering all transactions into the petty cash records on a regular basis. At the end of the month, the Head Teacher should check that the physical cash balance matches the petty cash balance on the system and sign to evidence that the check has been carried out.

8.9 Physical Security

8.9.1 Petty cash should be held in a locking cash box and placed in the safe overnight.

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:

Long leasehold property: 2%

Fixtures and fittings: 25%

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 Governing Body. 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. 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.

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;
- petty cash is physically counted should this be held.

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.

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 as necessary.

10.3.2 At overall Trust level and as a minimum, the managements 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 agreed by the LAAT's SLT.

10.4 Period Close

10.4.1 Once the accounts have been agreed by the SLT, 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 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.

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 overall target range for the level of reserves to be carried is between £785,000 and £1,320,000. Each school should maintain reserves equal to between one and two months' worth of operating expenditure.

11.2.5 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. 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 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 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.