



## FINANCIAL MANAGEMENT POLICY

### 1. AIMS

This document has been adopted by the Learning Academies Trust Board, as the basis for the administration and management of finances. The aim of the policy is to create a framework within which individual members of staff, Local Advisory Board members, Trustees, Members and other interested parties, can exercise financial management, probity and stewardship in an efficient and effective way.

This policy ensures that the Learning Academies Trust Board retains responsibility for the management of the budget, whilst providing a framework within which the Chief Executive Officer, Chief Finance Officer, Headteachers', Executive Headteachers and School Business Managers can manage their budgets both strategically and on a day-to-day basis. It is essential that all parties are aware of their roles in the financial management of the Learning Academes Trust.

### 2. OVERALL MANAGEMENT RESPONSIBILITIES

The **Learning Academies Trust** and the Learning Academies Trust Board have a collective responsibility for the overall direction of all schools and their strategic management and have a responsibility not only to be effective but to be seen to be effective.

The Learning Academies Trust Board will manage and administer its affairs in accordance with high standards of Public Sector administration, based on a distinct set of values, the fundamental principles of which are: -

- **Openness** – an approach to all interested parties in the disclosure of information, that lends itself to necessary scrutiny.
- **Integrity** – this is best described as both straightforward processes and completeness.
- **Accountability** – the process whereby individuals are responsible for their actions and decisions.
- **Selflessness** – the Learning Academies Trust Board should act solely in the public interest and not in a way that is likely to confer financial benefits, preferential treatment or other advantage, on others.

- **Objectivity**– In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards or benefits, decisions will be made on merit.
- **Honesty** – the Learning Academies Trust Board have a duty to uphold the law, and to act on all occasions in accordance with the trust placed in them.
- **Leadership** – those in leadership should promote and support the above principles by leadership and example, always acting in such a way to preserve public confidence in the Learning Academies Trust Board.

The Learning Academies Trust Board , Leadership and Finance staff will have regard to: -

- The Education Funding Authority (EFA) Academies Financial Handbook
- Minimum standards of financial management as set out in the DfE/MAT Master Funding Agreement, including Financial Regulations and Contract Standing Orders.
- Advice and guidance relating to the financial performance of schools arising from the work of Ofsted, internal audit and external audit providers, Plymouth Learning Partnership (PLP) and other interested parties.
- Maintaining standards as required by the Financial Management and Governance Self-Assessment (FMGS) and acknowledging the Standard’s support notes as provided by the DfE. Under the DfE requirements, the Learning Academies Trust Board will annually review this internal self-assessment against the Standard which will be submitted to the MAT in accordance with their instructions.
- The Best Value Statement which seeks to ensure that, in aiming to raise standards a proper balance is struck between costs (in terms of economy and efficiency) and effectiveness (in terms of performance and the quality) of what they provide.

The **Learning Academies Trust** believes that staff should be able to raise concerns properly, in confidence and without prejudice to their personal position. Where appropriate, this will include an opportunity to raise concerns outside the line management structure, in accordance with the **Learning Academies Trust** Whistleblowing policy.

### **3. ROLES AND RESPONSIBILITIES**

#### **3.1 Scheme of Delegated Authority**

The Learning Academies Trust Board recognises the importance of clearly defining the roles and responsibilities of its committees, the CEO, CFO, Executive Headteachers, Headteachers, Head of Schools and other staff. The terms of reference for the Learning Academies Trust Board and its Committees are laid out in a separate document.

The Learning Academies Trust Board, subject to their terms of reference, will decide how to spend the individual General Annual Grant (GAG) budget allocated by the EFA subject to:

- Any conditions in the DfE/MAT Master Funding Agreement to protect its legal duties;
- The budget only being spent for the purposes of the School;
- Specific grant funding only being spent to meet the conditions appertaining to that grant.

The Learning Academies Trust Board, through the terms of reference, has delegated authority to the following staff to authorise spending on any one order and to authorise budgetary adjustments (virements) from one budget heading to another up to the sums specified. Any such budgetary adjustments will be notified immediately to the Chair of Finance, recorded and reported to the next meeting of the Finance Committee of the Learning Academies Trust Board. Beyond this limit, the approval of the Learning Academies Trust Board will be required:

	<u>Spending limits</u>	<u>Virement* limits</u>	<u>Credit/Purchase card spending limits</u>
CEO	£5,000	£10,000	£2,000
Executive Headteacher/ Headteacher	£5,000	£5,000	£2,000
Finance Director/Chief Finance Officer	£5,000	£5,000	£2,000
Academy School Business Managers/Head of School (SR/WD)/Assistant Head (PR)	£1,000	NIL	£2,000 max if approved cardholder

The Finance Committee to authorise spending up to the sum of **£10,000** on any one order subject to the necessary budget provision being available. Beyond this level the approval of the Learning Academies Trust Board will be required.

The Finance Committee to authorise budgetary adjustments (virements) from one budget heading to another up to the sum of **£10,000**. Beyond this level the approval of the Learning Academies Trust Board will be required. Any such budgetary adjustments will be recorded on a virements form and reported for information to the next full Learning Academies Trust Board meeting.

The Deputy CEO appointed by the Learning Academies Trust Board will take responsibility for the financial control and management of the **Learning Academies Trust** and its schools in the extended absence of the CEO.

Authorised staff to are permitted to sign documentation in accordance with the Authorised Signatories list attached as Appendix A.

### **3.2 CEO's Financial Responsibilities**

The CEO is responsible to the Learning Academies Trust Board for ensuring the effective operation of the finance function of the **Learning Academies Trust**. The CEO will ensure that:

- The roles of each member of staff are clearly defined and the duties of staff concerned with financial transactions and administrative processes will, as far as is practicable, be distributed to ensure that key tasks are assigned to separate members of staff and that appropriate systems of internal check exist.
- DfE/MAT Master Funding Agreement, Financial Regulations and Contract Standing Orders are adhered to.
- The procedures and process as detailed in the **Learning Academies Trust's** MAT Finance Policy and Finance Procedures Manual are followed in the operation of the **Learning Academies Trust's** accounting and commitment systems.
- The Learning Academies Trust Board is provided with financial advice;
- Systems are in place to ensure that robust financial control is maintained at all times including procedures in the absence of key staff.
- Appropriate documentation and records of transactions are maintained to specified standards.

### **3.3 Separation of Duties**

In order to reduce the risk of error or intentional manipulation, the Learning Academies Trust Board and the CEO, Executive Headteacher and Headteachers will ensure the separation of those responsibilities or duties which would, if combined, enable one individual to record and process a complete transaction.

Wherever possible the following duties will be separated:-

1. authorisation – of a transaction such as a purchase order or payment;
2. execution – the placing of an order, receiving of goods and services;
3. custody – the holding of goods and services;
4. recording – the completion of accounting records.

<b>Separation of duties Matrix</b>	
<b>Task</b>	<b>Responsible officer</b>
Orders raised	Budget holder
Orders processed	Finance Administrator
Orders authorised	Executive Headteacher / Headteacher
Goods and services checked in	Budget Holder
Payments processed or Returns made	Academy School Business Manager
Payments authorised	Executive Headteacher/Headteacher

### **3.4 Staffing of the Finance function**

The appointment of staff should be made with due regard to the qualifications and capabilities commensurate with their duties. Inevitably, the proper functioning of any system depends on the competence and integrity of those operating it. The qualifications, experience and personal qualities of those involved with financial arrangements are important features of an effective control system.

Consequently, the Learning Academies Trust Board should establish procedures to ensure that: -

- Personnel are competent, suitably qualified and trained to perform at a level commensurate with their responsibilities;
- Training needs and opportunities for staff, particularly for those with financial responsibilities, are reviewed on a regular basis
- Clear statements of criteria for personnel selection and formal job descriptions are maintained;
- Finance staffing levels are adequate;
- There are effective arrangements in place to deal with the absence of key financial personnel to ensure the effective operation of the finance function and to ensure that financial control is maintained. This may be achieved through a combination of - work shadowing, documented financial procedures, specified cover responsibilities are included in Job Descriptions and that support is sought, as required, from other suitably placed staff across the **Learning Academies Trust** or Plymouth Learning Partnership (PLP) Finance Officers.

### **3.5 Human Resources and Payroll**

The CEO will, where possible, allocate duties to ensure that an appropriate division of duties exists in the area of completing, checking and authorising of all documents and claims relating to appointment and termination of employment and expenses.

Payroll transactions will be processed only through the approved **Learning Academies Trust** payroll system. Payments for employment will not be made to staff or visiting lecturers etc. through any other mechanism. All Payroll transactions relating to staff employed by the **Learning Academies Trust** (contracted or casual staff) will be processed against official EFA funds (General Annual Grant or GAG) and not a voluntary unofficial fund.

All **Learning Academies Trust** schools will comply with the procedures laid down by the **Learning Academies Trust** on determining employment or self-employment of individuals (Appendix E). Unless an individual has provided clear evidence of self-employed status all payments to individuals will only be processed through the payroll system, in line with HMRC guidance.

#### **4. BUDGET MANAGEMENT PROCEDURES**

##### **4.1 Financial Planning Process**

An effective budget must support both the Central MAT and individual school's priorities for raising standards and attainment. This can be done by ensuring that each school's plan for improving education outcomes and the budget are closely aligned and that the budget reflects the school's education priorities. The School Improvement Plan for raising education outcomes and the budget need to be closely linked so that the school can weigh up whether it has enough funds to pay for the activities that it believes are necessary for the school to achieve its education objectives. Also, it will be easier to show value for money if objectives within the plan have been achieved within the budgetary constraints.

A forward projection of budget of the each school's income and expenditure for the immediate following year and at least two succeeding years will be prepared by the School Business Manager and supported by the Chief Finance Officer (CFO). Budgets will then go to the CEO for approval by the Learning Academies Trust Board in accordance with the Learning Academies Trust Board's terms of reference. The projection should include both revenue and capital funds; income from all sources and all planned expenditure.

The principal assumptions in setting the budget that need to be taken into account when setting the budget plan are:

- future numbers of pupils and their characteristics;
- class and group sizes;
- staffing profiles and increments;
- pay and price increases, including those due to inflation;

- changes in revenue and capital income;
- curriculum resources and curriculum development plans;
- occupation costs of running the school premises (e.g. energy costs, site services);
- procurement and maintenance (e.g. fabric and fittings, ICT equipment, whiteboards).

The Learning Academies Trust Board should ensure that any new initiatives are carefully appraised in relation to all likely costs and benefits and their financial sustainability, before being formally approved.

## 4.2 Contingencies / Reserves

Due to the uncertainty of financial projections and the probability that changes will be required to budgets during the year, a contingency will be set aside in the budget. The contingency will be shown as a single explicit figure rather than being spread across a number of budgets. The level of this contingency will be kept to a minimum (as a guide, 5% of total funding for Secondary schools and 8% for Nursery, Primary & Special Schools) and in part will be determined by local knowledge, and by experience gained over previous years. This experience will be gained from the process of reviewing actual expenditure against budgets on a regular basis.

## 4.3 Consistent Financial Reporting

The Learning Academies Trust Board will maintain its financial statements, including the Budget Plan, in a form that is compatible with the requirements of the Consistent Financial Reporting (CFR) scheme. This will allow the **Learning Academies Trust** to consolidate Budget Plans and year end accounts for all **Learning Academies Trust** schools for presentation to the Education Finance Authority (EFA) by the due date.

See Appendix C for the Annual Reporting Schedule requirements for the **Learning Academies Trust** and the EFA.

## 4.4 Budget Management

The School Business Manager's with the support of the CFO and PLP School Finance Officers are responsible for preparing the annual revenue budget in sufficient detail to conform to the **Learning Academies Trust** reporting requirements and to enable the effective management of the available funds by the Learning Academies Trust Board, which is responsible for ensuring that total forecast expenditure does not exceed the available funds.

To ensure this can be done, the Academy SBM's with the support of the CFO will provide the following:

- regular monthly reports using the **Learning Academies Trust** reporting system provided to the Headteacher/Executive Headteacher;

- regular (at least termly) monitoring reports to the Finance Committee/Local Advisory Boards;
- additionally, the **Learning Academies Trust** will extract data as required by the EFA Academies Financial Handbook on a monthly basis, in relation to cashflow.

As a minimum standard the Governors and the **Learning Academies Trust** can expect to see:

- A separate budget monitoring statement for each of the funds provided by the EFA. The statement should show a comparison of expenditure and income to the approved budget. Expenditure and income should be broken down into those sums actually spent, sums already committed and the amounts of expenditure and income which are planned but to which the school is not yet committed. The statements should show, as accurately as possible, the forecast year end position.
- A written report should accompany financial statements (this can be in the form of notes as part of the monitoring statement) providing details of major variations and highlighting areas of uncertainty. The report will also show the latest forecast pupil numbers and the financial implications of any revised forecasts.

It is essential that reports produced are accurate as far as reasonably possible. The CEO is accountable for ensuring that quality controls are in place so that reports are of a sound standard. Staff responsible for the production of financial reports must ensure that they take appropriate steps to guarantee the reliability of the information.

The CEO may delegate responsibility for elements of the budget to relevant staff where this is appropriate. These budget holders must operate within the same objectives and controls as those agreed for the school as a whole. Delegated budget holders within the school will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are to be accountable to the Headteacher/Executive Headteacher.

The CEO and the Trust Board will periodically review the provision of financial information to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative information.

#### **4.5 Value Added Tax (VAT)**

Under DfE regulations for Academies, VAT can be recovered on all expenditure, revenue and capital where VAT has been charged by the provider of the goods or service. Likewise, Academies must levy VAT on income if appropriate following the guidance given in the MAT VAT Manual.

All transactions, expenditure and income, must be appropriately coded to the correct VAT rate when entered into the accounting system. This is essential to



ensure that Input VAT (expenditure) can be offset to Output VAT (income) on a monthly VAT report to be submitted to the HMRC.

The **Learning Academies Trust** requires each school to submit a VAT report by the 15<sup>th</sup> of each month and will collate a VAT Return for all schools within the **Learning Academies Trust**. The VAT reimbursement (the balance between Input and Output VAT) will be passed onto each school when received from the HMRC. Schools are therefore able to set a budget based on Net values, assuming full recovery of VAT.

## 5. BEST VALUE, PURCHASING AND PAYMENTS

The Trust Board recognises the principles of Best Value and aims to achieve best value for money from all its purchases and has adopted a Best Value Statement (Appendix D).

The CEO/CFO are responsible for ensuring procedures are in place for testing the market, placing of orders and paying for goods and services in accordance with DfE/MAT Master Funding Agreement, Financial Regulations and Contract Standing Orders.

### 5.1 Value for Money

Competitive quotations should be obtained where appropriate, following guidance shown in table below, before an official / commitment order can be issued.

	<b>Value of Order</b>	<b>Authority to proceed</b>
Comparison of Supplier catalogues, verbal enquiry or written confirmation.	Below £5,000	Headteacher/Executive Headteacher or authorised officer according to Limits of Delegation given in Section 3.1
At least a single quotation to be obtained (multiple quotations preferable).	£5,000 - £10,000	Finance Committee
At least three written quotations to be obtained.	£10,000 - £50,000	Trust Board
Formal Tender* procedure to be followed, in consultation with MAT CEO.	Above £50,000	<b>Learning Academies Trust</b> Chief Executive Officer

\* Where the total price is expected to exceed EU thresholds, EU tendering rules should apply including appropriate advertisement in the Official Journal of the European Community (OJEU).

The Headteacher/Executive Headteacher will maintain a register of all other Contracts and Operating Leases entered into by the School. Hire Purchase Agreements should not be entered into under any circumstances.

The Headteacher/Executive Headteacher has delegated authority to accept the lowest quotation for all expenditure according to Limits of Delegation given in Section 3.1. In instances where the lowest quotation is not accepted this should be reported to the Finance Committee and the reasons for the decision recorded in the minutes of the meeting. For quotations above to be agreed the approval of the Finance Committee or Trust Board must be sought.

The Headteacher/Executive Headteacher must consult the **Learning Academies Trust** Chief Finance Officer (CFO) regarding any capital spending from either capital or revenue budgets. Where the expected capital expenditure from the revenue budget on any one project in any one year will exceed £15,000, the Finance Committee must notify the Chief Executive Officer and be able to demonstrate to the merits of such expenditure. Projects should not be artificially disaggregated to avoid this requirement.

Quotations or tenders need not be sought because of an unforeseeable emergency involving immediate risks to persons, property or serious disruption to the school or significant financial loss. The Headteacher/Executive Headteacher may approve an exemption in these circumstances but must prepare a report for the next Finance Committee meeting to support the action taken.

The Register of Business Interests should be formally referred to prior to the acceptance of quotations or the awarding of contracts. It will be minuted in the Governors' minutes that this procedure has been followed.

## **5.2 Orders for Goods and Services**

Official / commitment orders will be raised by the Finance Officer through the accounting system on receipt of a requisition form signed by the appropriate budget holder and authorised in accordance with the Scheme of Delegation. Orders and copy orders will be signed in accordance with the Limits of Financial Delegation (Appendix B).

Any telephone or verbal orders, supported by an authorised Requisition Form, must be confirmed by an official / commitment order within 3 working days.

Non-order invoices are discouraged wherever possible.

## **5.3 Goods returned**

The school will maintain clear policies on returned goods. A goods returned log must be maintained in order to document the return to the supplier. This includes a description of the goods, the reason for the return and the date returned via post, courier or otherwise. This procedure ensures that replacements or credits are received for all returns.

## **5.4 Payment of Accounts**

Invoices will only be paid when the budget holder has shown approval that goods and services have been received and are of the quality expected. Payment should be made within reasonable time limits and discounts taken for quick payment

where appropriate, ensuring that the school has paid the invoice within 30 days of receipt.

If payment is made outside the terms of payment, the school may be liable to a financial penalty under the provision of the EU Late Payment Directive of 2012.

### **5.5 Petty Cash**

The Headteacher/Executive Headteacher is responsible for the operation of the petty cash account, which should only be used for the purchase of postage stamps and small items of expenditure up to £250. Every effort should be made to obtain proper receipts and VAT invoices to evidence the reimbursement.

All transactions must be entered into the accounting system on a regular basis and reconciled to Bank Statements and Cash in Hand to ensure the account remains in balance.

Petty cash will be kept in the safe, with access by named key holders only.

### **5.6 Purchasing/Charge/Debit Card**

The Purchasing Card is issued for the express function of obtaining goods and services for the school or for payments relating to business expenses incurred in the course of the Cardholders official duties.

The Finance Committee will approve any applications for Purchasing / Debit cards including Cardholders and associated limits. See Appendix B for Cardholders and agreed Transaction limits.

A Requisition Form signed by the appropriate budget holder and authorised in accordance with the Scheme of Delegation should be completed in advance for all internet purchasing transactions, with appropriate research into Best Value procurement. Care should be taken to ascertain whether a VAT receipt will be produced, as otherwise VAT cannot be reclaimed (and the goods will be charged to the budget at the VAT inclusive price).

All cards must be kept securely in the safe at all times and signed in/out when taken off site.

### **5.7 On-line Banking with Lloyds Link**

In certain circumstances it is deemed appropriate to make a payment directly through the Lloyds Link On-line banking service. These transactions must be recorded with supported documentation and authorised at the appropriate level in accordance with the Scheme of Delegation.

### **5.8 Goods and Services for Private Use**

The school will avoid practices such as obtaining goods and services that may include an element of private use for Board Members, LAB governors or staff.

They will also avoid accepting excessive hospitality, entertainment, or other services from existing or prospective suppliers.

## 6. INCOME AND SUNDRY DEBTORS

### 6.1 General Income Matters

The Headteacher/Executive Headteacher is responsible for the correct accounting of all income due to, and cash collected by, the school. Where possible, the Headteacher/Executive Headteacher will ensure that the responsibility for determining sums due to the school is separated from the responsibility for collecting and banking such sums.

Where invoices are to be raised, the school will do so promptly using authorised **Learning Academies Trust** Sundry Debtor invoices. The invoice will clearly detail the service or goods provided, the settlement date and the payment required.

Where cash is collected, whether it is due to a fund provided by the EFA; fund raising or donations; or an unofficial fund, a VAT receipt will be issued. In agreed circumstances such as when collecting monies for a school activity for a group of pupils, Cash Collection listings will be used and a single receipt given for the group income. The receipt books will be those approved by the **Learning Academies Trust** and include VAT, where appropriate.

Cash and cheques collected will be kept secure until the time of banking. Income collected will be banked in its entirety as promptly as possible (usually weekly) and will not be used to cash personal cheques or for other payments (other than the official Petty Cash).

Sums received will be reconciled to the sums banked and to the accounting system to ensure that sums banked to the individual School and/or **Learning Academies Trust** bank account are correctly attributed to the school.

### 6.2 Debt monitoring and Debt recovery

All debts will be monitored at regular monthly intervals, via an "Aged Debtor report" in the accounting system or an appropriate manual record. As a minimum requirement the report will contain the following information:

- Debtors name/description
- Amount of Debt
- Period of debt outstanding

The **Learning Academies Trust** will require a policy for debt collection. The policy requires that persons who do not pay receive a follow up demand and subsequent follow up and appropriate further action.

The following recommended timescale and actions will be applied in respect of debt monitoring:-

Outstanding	Required action
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Day 1- debt is raised	Debtor has 28 days to clear debt
Day 30	If debt is still outstanding, reminder sent to customer. Customer must respond within 7 days
Day 44	If debt is still outstanding a final reminder/pre proceedings letter is sent.
Day 51	If debt is still outstanding, issue proceedings to formally recover the debt.

### Bad Debt Write Off

All debts, regardless of age, should still be attempted to be collected, and will remain as a bad debt until it is written off.

The Headteacher/Executive Headteacher, with delegated responsibility from the Finance Committee, has a write of limit of up to and including £100. The Headteacher/Executive Headteacher must consult the Chair of Finance of the intention to write off the debt and formally inform the Finance Committee at the next meeting.

The decision to recover a debt up to and including £2,500 will be made by the Finance Committee or the Trust Board. The decision will be given consideration following a report from the Headteacher/Executive Headteacher, and it will be clearly minuted.

The CEO and Trust Board will be advised of any debt that exceeds £2,500, so that appropriate debt recovery action can be taken. Before the decision to write off the debt can be made, each case will be considered on its merits and will include consideration of factors such as the value of the debt in relation to the cost of recovery and the likely success of proceedings.

### **6.3 Charging and Remission of Fees**

The Finance Committee will review the charging and remission policies at least every three years on the basis of recommendations put forward in a written report by the Headteacher/Executive Headteacher. The policies adopted will be based on the guidance issued by the DfE and the **Learning Academies Trust**.

## **7 BANKING ARRANGEMENTS**

The Headteacher/Executive Headteacher is responsible for ensuring arrangements operated are in accordance with procedures specified by the **Learning Academies Trust** Financial Regulations.

### **7.1 Opening of Bank & Building Society accounts**

The **Learning Academies Trust** has arrangements for all Restricted / official funds to be banked with Lloyds Bank plc who provide a comprehensive banking service to Academies and Multi Academy Trusts. Each school will receive their EFA

funding into the Central **Learning Academies Trust** designated account, in accordance with EFA Tranche funding arrangements and our own **Learning Academies Trust** MAT procedures. The setting up and opening of these accounts will be managed by the central MAT office/team, and schools may not transfer official funds to any other account without the express authority of the **Learning Academies Trust** Chief Finance Officer.

The opening of any other account should be discussed with the CEO of the **Learning Academies Trust** and authorised by the Trust Board who should set out, in a formal memorandum, the arrangements covering the operation of account, 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 should also be subject to the same level of control. The bank should be advised that the account must not become overdrawn since schools are prohibited from borrowing to finance a revenue deficit in accordance with the DfE/MAT Master Funding Agreement.

## **7.2 Deposits**

Schools should ensure that particulars of any deposit are entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include: -

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

## **7.3 Payments and Withdrawals**

There should be robust controls over all ways in which funds may be drawn from accounts, including such operations as standing orders, direct debit mandates, BACS payments and salary payments.

Schools should implement the following controls, ensuring that: -

- there is separation of duties between the authorisation, preparation and issue of cheques, so that any cheque issued has to have a second signatory;
- a minimum of **2** people are authorised to sign cheques as listed in Appendix B. All must be kept up-to-date with current procedures;
- mandates are held by the school's bankers detailing the arrangements above together with clear instructions that the school's bank accounts must not become overdrawn.

The Controls listed above exist over electronic withdrawals and electronic transfer of funds, including BACS and direct banking links such as telephone banking or computer banking e.g. for payroll purposes or the investment of surplus funds or other transfers of funds between accounts.

Cancelled cheques should be defaced and retained or destroyed under dual control.

If payments are to be made by BACS transfer, the school must ensure that the details of the receiving bank account are correct and that there are controls in place to guarantee the accuracy and authenticity of transactional information.

#### **7.4 Reconciliation of Bank Accounts**

Statements must be reviewed, thoroughly checked and formally reconciled to the accounting system at least monthly. The reconciliation report must be retained on file with each Bank Statement, and printouts of outstanding debits and credits should be attached to the reconciliations.

Statements must be checked to ensure:

- All expenditure items – BACS payments, Cheques, Petty Cash withdrawals, Purchasing Card transactions and On-line Banking transactions – have been listed;
- There are no incorrect entries, or those that do not apply to this account;
- The entry amounts match the invoices, vouchers or other transactions;
- That all income and banking has been listed.

Un-presented cheques over 6 months old should be written off.

The reconciliation must be signed by the Headteacher/Executive Headteacher and any discrepancies reported to the **Learning Academies Trust** Chief Finance Officer for investigation.

#### **7.5 Investments Strategy**

Schools will only make investments with named institutions and must carry no risk to the capital sum. Arrangements must not be made through intermediaries.

The Finance Committee and CFO will undertake detailed research before investing any funds in high interest accounts, and consult with the **Learning Academies Trust** Chief Executive Officer. The school will ensure that the best available return on investments is obtained commensurate with proper levels of security and liquidity. Investments to any one borrower shall not exceed the limits advised by the Chief Finance Officer of the **Learning Academies Trust** at the time.

All investment arrangements will be reviewed at least annually by the Trust Board.

### **8. SECURITY OF ASSETS**

#### **8.1 Letting of School Premises**

The letting of School Premises and Grounds should always be subject to a formal contract, even when the Hirer or User is connected to the school such as the Parent Teacher Association, the Parish or the Community. A detailed lettings policy together with charges is contained in a separate document.

#### **8.2 Insurance**

The Lead SBM will review the insurance needs of the school annually and liaise with the CFO/CEO where appropriate to ensure that specific arrangements remain appropriate. Following the approval of the Trust Board, the CEO will ensure the agreed arrangements are in place.

The Finance Committee will periodically consider whether to insure risks that are not covered by an existing policy arranged within the MAT or other voluntary body. The cost of premiums for any additional cover should be met from the school's delegated budget.

The Headteacher/Executive Headteacher will be responsible for ensuring that the Finance Committee are made aware of all new risks, and all incidents which may give rise to an insurance claim (e.g. accident, theft etc) should be reported immediately to the insurers and within the **Learning Academies Trust**.

### **8.3 Computer Systems**

The CEO recognise the importance of protecting computerised financial management systems and the data held therein. The Lead SBM will ensure that the School is registered in accordance with the Data Protection Act 1998.

The Lead SBM together with the Network Manager will ensure that effective backup procedures are in place and that all back-up disks or tapes are stored securely.

Access to school management computer systems will be limited to authorised staff. These staff will use passwords which should not be disclosed and should be changed regularly. Only authorised software will be used to prevent the import of computer viruses. Staff will only have access to those modules appropriate to their duties.

The Lead SBM together with the Network Manager will ensure that a robust system is in place for the secure and encrypted transfer of data by email to ensure the school is not open to any data protection breaches.

### **8.4 Controlled Stationery**

The following are defined as Controlled Stationery and should be recorded, with serial numbers, on receipt, on opening and on completion. Books should not be split, and blank forms secured when not in use.

- Receipt books;
- Cheque books
- Paying-in Books

### **8.5 Security of Stocks and Other Property**

The Headteacher/Executive Headteacher is responsible for the care and custody of all assets within the school and will maintain proper security for all buildings, vehicles, plant, stocks, stores, furniture, equipment, keys and cash.

The Lead SBM will ensure that a register of assets / inventory is maintained in accordance with the provisions of the DfE Academies Financial Handbook. Inventories will be checked at least annually and any discrepancy shall be



investigated. The Finance Committee will be informed of surpluses and deficiencies revealed by an inventory check.

An inventory should: -

- form an important part of the school's procedures for ensuring that staff take responsibility for the safe custody of assets;
- enable school management to undertake independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- help the school to manage the effective utilisation of its assets and to plan for their replacement;
- support insurance claims in the event of fire, theft or other losses.

It is good practice to ensure that items particularly at risk should be permanently and visibly marked as the school's property and there should be a regular, annual count by someone other than the person maintaining the inventory.

The **Learning Academies Trust** Chief Finance Officer will advise the school on the Asset Management reporting required by the EFA, and the financial accounting of asset depreciation.

Safes and similar storage facilities will be kept locked and the keys removed to be held by the key holder who will be nominated by the Headteacher/Executive Head. Normally key holders will carry keys on their person and keys must not be left on the premises overnight. A list of key holders will be maintained by the school and loss of any keys must be reported to the Headteacher/Executive Head and where necessary the central MAT.

## **8.6 Loan of assets**

Items of school property should not be removed from school premises without the appropriate delegated authority. A record of any loan should be recorded in the appropriate book by the school and the record updated when the asset is returned.

During holiday periods, for security reasons, staff may take high value assets home. The position relating to insurance should be clarified and explained to the staff concerned before any assets are taken off the school premises. 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-in-kind. This has implications both for tax purposes for the individual concerned and for the proper use of public funds. Loans should therefore be kept under review and advice as appropriate.

## **8.7 Sale/disposal of assets**

Surplus portable assets financed from the schools delegated funding can only be disposed of by sale or destruction following written authorisation by the Headteacher/Chair of Finance. The income realised from the sale of assets will be retained by the school making the original purchase.

Items expected to realise up to £100 will be advertised to parents/employees via school notice board. Items expected to realise between £100 & £10,000 will be

offered for sale giving priority to other schools within the **Learning Academies Trust**, and then other Plymouth Schools accordingly.

Items expected to realise in excess of £10,000 will be approved by the Finance Committee and the school should seek advice from the **Learning Academies Trust** Chief Finance Officer.

Surplus assets funded from non-delegated funds will be offered to the **Learning Academies Trust** for relocation.

## **9. SCHOOL FUNDS / PRIVATE FUNDS**

The LAB is responsible for all the school's Voluntary Unofficial Funds (VUF). Although a school fund / private fund is not public money, the principles of sound financial management outlined in this policy apply equally. This requires the proper minuting of all decisions taken by the LAB.

The objectives of the school fund / private fund are to enable the school to function financially with funds not normally allocated by the EFA. This includes income received from a variety of proper sources and payments made for the purchase of educational goods, for pupil welfare and the provision of services outside the scope of the delegated budget share.

As an Academy, all funds – official and unofficial – are accountable to the EFA and have to be included in all financial statements. To this end, all transactions must be entered into the accounting system on a regular basis and reconciled to Bank Statements.

The LAB approves the operation of the school fund / private fund, which will be administered in accordance with the procedures contained in this document. The accounts are to be maintained within the constraints of the Fund Objectives.

The school fund / private fund will be subject to Audit in line with the audit of the school's official / budget share funds. The financial year will align with the Academy Financial year, ending 31 August.

The LAB may elect to maintain an account for the VUF at a separate bank account from official / GAG funds. The VUF Bank Accounts are to be at Lloyds Bank.

### **9.1 Operational policy and procedure:**

- A minimum of two signatures is required on Fund Cheques;
- A formalised monthly reconciliation statement to all cleared bank balances is required with a copy presented to the Finance Committee at least termly. The Headteacher/Executive Head should sign the statement as correct;
- All income is to be properly receipted;
- Expenditure must be supported by proper invoices or vouchers, which must be retained for a minimum of 6 years;

- All items of expenditure will require the Headteacher/Executive Head Headteacher's approval
- Wages, honoraria, loans or ex-gratia payments are not to be made from the School Fund;
- However, gifts (not cash or cheques) may be given up to a maximum £20 agreed without the prior approval of the Governing Body.

## **10. GENERAL**

### **10.1 Governors' Expenses**

The policy relating to Governors' Expenses will be reviewed at least every three years and, if payable, will be in accordance with the **Learning Academies Trust** scheme for Trustee's Expenses.

### **10.2 Register of Business Interests**

The Trust Board, Members, LAB governors and school staff has a responsibility to avoid any conflict between their business and personal interests and affairs and interests of the school. A Register of Business Interest will be maintained for both Governors and staff with an influence over spending decisions. The register should be made available for inspection on the **Learning Academies Trust** website. (Appendix F).

The register will include all business interests such as directorships, share holdings and other appointments of influence within a business or other organisation, which may have dealings with the school. The disclosures should also include business interests of relatives and other individuals who may exert influence.

The Clerks to the Trust Board and the LAB's must maintain a register of pecuniary / business interest forms for each member of the Lab/Board and Headteacher/Executive Headteacher recording business interests. The register must be kept up to date with notification of changes and through a recommended annual review of entries. The LAB/Trust Board will ensure that all members of staff are aware of the responsibilities for declaring any links or personal interests which they have with regard to contractors and suppliers. The Headteacher/Executive Headteacher will maintain, in a suitable form, a record of the details of those members of staff who declare any links or personal interests which they have with contractors and suppliers.

### **10.3 Gifts and Hospitality Register**

As a general rule staff must not accept from suppliers or contractors or potential suppliers and contractors or from any firm or organisation with whom the School has had, is having or may have any dealings of any kind:

- any gift (other than an inexpensive seasonal gift such biscuits/chocolates or a calendar/diary for use in the office) and where refusal would cause needless offence and the giver is not seeking a business decision but merely wishes to express thanks for service, advice, help or co-operation.
- any hospitality without the written authorisation of the Headteacher/Executive Headteacher or Finance Committee.

A register will be maintained by the Headteacher/Executive Headteacher to record all particulars of gifts and hospitality.

Policy adopted by <b>Learning Academies Trust</b> Finance Committee	
Date Of Meeting	20 <sup>th</sup> March 2017
Signature of Finance Trustee of LAT	Janet Stack
Review Cycle	Annually
Date of Next Review	20 <sup>th</sup> March 2018

Policy adopted by **Learning Academies Trust** Board of Directors at the meeting dated

Signed .....

(Chair)

Review cycle: Annual

Next review date .....

APPENDIX A	Authorised Signatories List (separate document)
APPENDIX B	Limits of Financial Delegation (separate document)
APPENDIX C	EFA Academy Reporting Schedule
APPENDIX D	Best Value Statement
APPENDIX E	Employment Status - Employed Or Self-Employed?
APPENDIX F	Register of Business Interests

## APPENDIX C

### EFA ACADEMY REPORTING SCHEDULE

The following schedule is published in the EFA Academies Financial Handbook

Budget forecast	The document by which an academy trust notifies the EFA of its budget for the forthcoming academic year.
Annual accounts	<p>A statutory requirement for all academy trusts. Properly called financial statements.</p> <p>These need to be completed to a 31 August year-end, submitted to the EFA no later than 31 December, and published on the trust's website by 31 May.</p>
Accounts return	<p>A return of key financial information in spread sheet format based on academy trusts' annual accounts, to be used for consolidation of trusts' accounts into the EFA's accounts and for the collection of benchmarking data.</p> <p>The EFA will collect these returns from academy trusts in scope in a format, and by a date, to be notified. The Accounts Return replaces the Consistent Financial Reporting (CFR) return for maintained schools.</p>
Financial Management and Governance Self-assessment (FMGS)	<p>A checklist for completion and return to the EFA by a notified date, by new academy trusts that are not yet preparing financial statements and not yet subject to a regularity audit.</p> <p>The return asks MATs to self-assess their financial management arrangements in several specified areas.</p>

The **Learning Academies Trust** will publish an annual timetable for reporting under these categories which will enable the consolidation of financial information from all constituent schools by the due date.

In addition, the **Learning Academies Trust** will require schools to provide termly Budget Monitoring returns annotated as described in section 4.4

## APPENDIX D

### BEST VALUE STATEMENT

#### Introduction

The Governing Body is accountable for the way in which the school's resources are allocated to meet the objectives set out in the school's development plans. Governors need to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the school's achievements and services

#### What Is Best Value?

Governors will apply the four principles of *best value*:

- **Challenge** - Is the school's performance high enough? Why and how is a service provided? Do we still need it? Can it be delivered differently? What do parents want?
- **Compare** - How does the school's pupil performance and financial performance compare with all schools? How does it compare with LA schools? How does it compare with similar schools?
- **Consult** - How does the school seek the views of stakeholders about the services the school provides?
- **Compete** - How does the school secure efficient and effective services? Are services of appropriate quality / Value for Money?

#### The Governors' Approach

The Governors and school managers will apply the principles of best value when making decisions about:

- the allocation of resources to best promote the aims and values of the school;
- the targeting of resources to best improve standards and the quality of provision;
- the use of resources to best support the various educational needs of all pupils.

Governors and school managers will not waste time and resources:

- on investigating minor areas where few improvements can be achieved;
- to make minor savings in costs;
- by seeking quotes for minor supplies and services.

The pursuit of minor savings is not always cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable areas.

Governors and the school managers will:

- make comparisons with other / similar schools using data provided by the LA and the Government, e.g. RAISE, quality of teaching & learning, levels of expenditure;

- challenge proposals, examining them for effectiveness, efficiency, and cost, e.g. setting of annual pupil achievement targets;
- require suppliers to compete on grounds of cost, and quality / suitability of services / products/ backup, e.g. provision of computer suite, redecoration;
- consult individuals and organisations on quality / suitability of service we provide to parents and pupils, and services we receive from providers e.g. Consultants, Ofsted inspectors, Local Authorities.

This will apply in particular to:

### **Staffing**

Governors will take a strategic view on staffing (i.e. overall numbers); school managers will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio, and curriculum management.

### **Use of Premises**

Governors and school managers will consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching & learning, for support services, and for communal access to central resources, e.g. the library

### **Use of Resources**

Governors and school managers will deploy sufficient equipment, materials and services to pupils and staff which support quality of teaching and quality of learning.

### **Teaching**

Governors and school managers will review the quality of curriculum provision and quality of teaching to provide parents and pupils with:

- a curriculum which meets the requirements of the National Curriculum and the needs of pupils;
- Teaching which builds on previous learning and has high expectations of children's achievement.

### **Learning**

Governors and school managers will review the quality of children's learning, by cohort, class and group, to provide teaching which enables children to achieve nationally expected progress, e.g. setting of annual pupil achievement targets.

### **Purchasing**

Governors and school managers will develop procedures for assessing need, and obtaining goods and services that provide "best value" in terms of suitability, efficiency, time, and cost. Measures already in place include:

- competitive tendering procedures;
- procedures for accepting "best value" quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship);

- procedures which minimise office time by the purchase of goods or services under £1,000 direct from known, reliable suppliers (e.g. stationery and small equipment).

### **Pupils' welfare**

Governors and school managers will review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and recreation.

### **Health & Safety**

Governors and school managers will review the quality of the school environment and equipment, carrying out risk assessments, where appropriate, in order to provide a safe working environment for pupils, staff and visitors.

### **Monitoring**

These areas will be monitored for best value by:

1. In-house monitoring by the Headteacher and curriculum managers, e.g. classroom practice, work sampling
2. Termly target setting meetings between the Headteacher/Executive Headteacher and curriculum managers
3. Annual Performance Management
4. Annual Budget Planning
5. Headteacher/Executive Headteacher's monthly financial review
6. Termly visits by the MAT CEO
7. Visits by the MAT Chief Finance Officer
8. Analysis of school pupil performance data, e.g. SATs results, standardised test results, 11+ results against all schools, LA schools, similar schools
9. Analysis of LA pupil performance data
10. Analysis of financial benchmarking data for all schools, LA Schools or similar sized schools
11. Analysis of DCSF pupil performance data, e.g. RAISE
12. Ofsted Inspection reports
13. Termly classroom observations
14. LAB termly meetings
15. Annual SATs Target Setting Meeting
16. LAB Annual Development Plan Meeting



## 17. LAB Annual Report to Parents (Nursery Schools only)

In the next three years the LAB will:

- hold an annual performance plan meeting to set targets for improving pupil achievement
- hold an annual development plan meeting
- discuss “Best Value” at each Autumn Term meeting of the LAB
- review their “Best Value” statement at each Spring Term LAB meeting

## APPENDIX E

### EMPLOYMENT STATUS - EMPLOYED OR SELF-EMPLOYED?

The following guidance applies to payments to individuals or sole traders.

It does **not** apply:

- where payment is to organisations - limited companies, partnerships, charities, trusts, clubs, public sector bodies etc - normal purchasing processes apply;
- where individuals are appointed as “office” holders under statutory requirements for example School Improvement Partners, National Challenge Advisors or similar roles. These individuals must be paid via payroll even if they have their own limited company;
- entertainers, musicians, actors – special rules apply; please check with the MAT Finance Team.

### GUIDANCE FOR THOSE ENGAGING INDIVIDUALS

#### Why is employment status important?

Whenever a school engages the services of an individual, HM Revenue and Customs (HMRC) requires that a decision is made regarding their 'employment status', i.e. whether the individual should be treated as self-employed or as an employee. Naturally, this has implications for any payments the school makes. In particular, when it is determined that the individual is to be regarded as an employee, deduction of income tax and national insurance is made from payments through the payroll system. This is obviously the case for staff with a contract of employment, but it does also apply to other people who undertake work for the school without such a contract.

HMRC are very clear that an assumption of self-employment cannot be made, even where the individual has been treated as self-employed previously. The following quotes are taken from their web site:

"It is a general requirement that those wishing to take on workers consider the terms and conditions of a particular engagement to determine whether the worker is an employee or self-employed."

"Just because a worker is self-employed in one job, doesn't necessarily mean he or she will be self-employed in another job."

Deciding whether an individual can be treated as self-employed or not is sometimes contentious, particularly with the individual concerned, who may regard a previous decision of self-employment as sufficient to support similar treatment on subsequent engagements. However, the following points are useful to bear in mind:

- It is the responsibility of the employer and not the individual to ensure that appropriate tax and National Insurance (NI) deductions are made.

- If an individual is treated as self-employed and HMRC discover, when auditing, that this is an error the school would become liable for the tax and NI that should have been deducted. Dependent on the extent of any transgression, fines and interest could also be imposed. If a person is treated as self-employed and the decision is later reversed, it is very difficult to then recover the tax and NI that should have been deducted. However, if a person is treated as employed and this decision is reversed, it is relatively simple to refund the tax and NI.

### **What do I need to do?**

The following advice applies whenever you are considering engaging an individual, except:

- where the engagement will be through the normal recruitment process;
- where the individual is to be involved in work of a construction nature and has a valid Construction Industry Scheme (CIS) registration – normal purchasing procedures apply

In all other cases, these are the steps you should take:

Before you engage someone:

- Consider the usual standing orders and financial regulations. The MAT Finance Team can provide more information in relation to this;
- Make sure you have a defined contract or service level agreement prepared prior to the engagement that will govern the work that will be undertaken and include the requirements for Public Liability Insurance. This will help to make sure there is agreement on what is required, but it will also help to determine whether the work is to be treated as employment or not.

Once you have decided on your intention to engage an individual:

- Make sure you inform the individual you are engaging that you must complete the employment status process. You may wish to use the Employment Status Questionnaire (ESQ) which you will need their help to complete and both of you are required to sign it. This will provide you with most of the information you will need to use the HMRC on-line employment status indicator tool. They must also be told that completion of the questionnaire is no guarantee of self-employment status.

If the employment status has been determined as:

- **self employment** - you can follow your usual purchasing process. If applicable, future payments to this individual for the same kind of work would also be paid without deductions. If the engagement changes or becomes on-going it is likely that the status will change to that of employee.
- **employee** - you should go through the normal recruitment processes subject to the usual budget and establishment requirements. Payment will be made via payroll with the deduction of tax and NI.

### **What if the individual is unhappy with our decision?**

- It is important to note that this process has been developed in line with HMRC guidelines, and that a similar process is in place in all schools and local authorities (indeed all organizations should work on this basis). You must impress on the individual that it is not an optional activity.
- If the individual disagrees with the decision, ask them to write to a nominated person at the school giving their reasons for disagreeing, and ask them to include any supporting evidence that did not form part of the original questionnaire.

### **Where can I find out more?**

HMRC guidance on employment status can be found at [www.hmrc.gov.uk/calcs/esi.htm](http://www.hmrc.gov.uk/calcs/esi.htm)

### Source document:

Plymouth City Council – “HR Employment Status Process – Schools”

**APPENDIX F**

**DECLARATION OF BUSINESS INTEREST**

**REFERENCE**

<b>NAME</b>	
<b>SCHOOL / BOARD</b>	
<b>ROLE / POST</b>	

You must declare all current interests such as directorships, share holdings and other appointments of influence within a business or other organisation, which may have dealings with Name of MAT or the school. You should also include business interests of relatives and other individuals who may exert influence. Interest, as an employee or governor, in a school within the MAT must also be declared.

The MAT, centrally or through the school, will ensure that the register is up to date and complete, includes all directors, governors and relevant staff and in this regard, signed and dated. *This table can be extended if required.*

<b>1 Name of Business</b>			
<b>Nature of Business</b>			
Nature of Interest	Date of Appointment or Acquisition	Date of Entry in Register	Date of Cessation of Interest
<b>2 Name of Business</b>			
<b>Nature of Business</b>			
Nature of Interest	Date of Appointment or Acquisition	Date of Entry in Register	Date of Cessation of Interest
<b>3 Name of Business</b>			
<b>Nature of Business</b>			
Nature of Interest	Date of Appointment or Acquisition	Date of Entry in Register	Date of Cessation of Interest

I certify that I have declared all beneficial interests which I or any person closely connected with me have with businesses or other organisations which may have dealings with the school.

Signed: ..... Date: .....