

FINANCE POLICY AND FINANCIAL PROCEDURES MANUAL

Learning Academies Trust
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CHANGES

Policy date	Summary of change	Author	Version	Review date
07/05/2020	Policy reviewed/updated	LAT Board	1.0	07/05/2021
01/09/2021	Policy reviewed/updated	LAT Board	1.1	01/09/2022
12/07/2022	Policy reviewed/updated	LAT Board	1.2	01/07/2023
04/07/2023	Policy reviewed/updated	LAT Board	1.6	01/07/2024
01/12/2022	3.7 Fixed Assets: Capitalisation limit increased from £1,000 to £5,000. Effective from 1 st September 2022.	LAT Board	1.7	01/12/2023
01/12/2022	Bad debts write off limit increased from £250 to £1,000. Effective from 1 st September 2022.	LAT Board	1.7	01/12/2023
05/03/2024	Policy reviewed/updated	LAT Board	1.7	31/12/2024

1. ROLES, RESPONSIBILITIES AND FINANCIAL OVERSIGHT

1.1. Framework

Under the Funding Agreement (FA) with the DfE, The Learning Academies Trust (LAT) must comply with the principles of financial control set out in the Academy Trust Handbook ('Handbook' or ATH), issued by the Education and Skills Funding Agency (ESFA).

1.2. Roles and Responsibilities

The Board of Directors

As a Charitable Company, LAT is governed by its appointed Trustees (who are also Directors of the company. Trustees are also referred to as Governors/Trustees or the Board of Directors). Each school in the trust also has a Local Governing Body (LGB). Each Local Governing Body has delegated responsibilities as set out in the Scheme of Delegation and Local Governing Body handbook.

The Board of Directors' responsibilities include:

- Ultimate responsibility for the proper stewardship of funds, ensuring value for money and compliance with the Funding Agreement (FA), the Articles of Association and the Academy Trust Handbook (ATH).
- Approval of the annual budget
- Approval of the annual report and accounts

The Board of Directors must understand their statutory duties as set out in section 1 of the ATH and will undergo an annual skills audit.

The Board of Directors must meet at least once a term. The financial responsibilities of this committee include:

- Initial review and approval of the annual budget.
- Monitoring of actual income and expenditure against budget.
- Ensuring annual accounts are produced and their initial approval prior to presentation to the Board of Members.
- Authorising the award of contracts as specified within the scheme of delegation.
- Authorising changes to LAT's personnel establishment as proposed by the CEO and in accordance with the Scheme of Delegation.

Audit Committee

The Board of Directors have responsibility for ensuring a process exists to provide assurance that financial risks are being adequately identified and managed by:

- Reviewing the risks to internal financial controls at the trust.
- Agreeing a programme of work to address and provide assurance on those risks.

This will be undertaken by the Trust's Audit Committee which will meet 3 times a year (as a minimum).

The audit function includes reviewing all internal audit reports on the effectiveness of the financial procedures as well as accepting the annual, audited accounts.

The Chief Executive Officer (Accounting Officer)

The Chief Executive Officer (CEO) is the Accounting Officer (AO), who takes overall accountability for financial control of the Trust.

Much of the financial responsibility of the Chief Executive Officer (CEO) as AO has been delegated to the Chief Finance Officer.

Please refer to the Trust's Scheme of Delegation for full details.

The Chief Finance Officer

The Chief Finance Officer reports to the CEO and has direct access to the Board of Directors through the termly Trust meetings. The main responsibilities are:

- The management of LAT's financial position at a strategic level, reflecting the longer term financial needs of LAT as determined by the Board of Directors.
- Ensuring preparation of monthly management accounts for the Chair of the Trust Board, including the monitoring of actual income and expenditure against budget.
- Ensuring preparation of termly management accounts for the Trust Board, including the monitoring of actual income and expenditure against budget.
- Ensuring the day-to-day management of finance matters including the establishment and operation of a suitable accounting system.
- Ensuring the maintenance of effective systems of financial control.
- Ensure payments are processed appropriately.
- Ensuring the preparation of annual accounts, with the assistance of LAT's external auditor.
- Ensuring forms and returns are sent to the DfE/ ESFA in line with the DfE/ESFA timetable.

Trust Staff

Other members of Trust staff will have some specific financial duties and responsibilities and these are detailed in the following sections of the manual.

All staff are responsible for the security of LAT property, for avoiding loss or damage, for ensuring economy and efficiency and for conformity with LAT's financial procedures policy.

Academy Trust Handbook

1.3. The following requirements of the ATH must be in place:

- Bank accounts, financial systems and financial records must be operated by more than one person (Section 3).
- Measures must be in place to safeguard assets, to prevent loss or misuse (Section 3).
- Full and accurate accounting records must be maintained (Section 3).
- Annual accounts must be prepared (Section 5).
- There must be a written scheme of delegation of financial powers so that it is clear who is responsible for what (Section 6).
- The Board of Directors must be satisfied that the LAT's finance staff are suitably qualified and/or experienced.

2. FINANCIAL PLANNING AND MONITORING

2.1. Financial Planning and Monitoring

The Chief Finance Officer prepares the financial plans as follows:

- 3 year rolling strategic plan – financial plans prepared as part of LAT’s strategic planning process - high level projections linking anticipated income levels to resource planning.
- Annual budget, detailed budget identifying revenues by source and expenditure by cost type.

2.2. Strategic Plan Projections

The strategic plan projections, once established, should be updated annually when the budget for the coming year is prepared, with Year 1 being the annual budget for the next year, commencing 1st September. The strategic plan projections will run alongside the Chief Finance Officer’s narrative plan and must reflect the allocation of resources to achieve LAT’s longer term plans and should include:

- Income and expenditure projections.
- Pupil led income based on anticipated future pupil numbers.
- Other income based on documented assumptions.
- Proposed use of accumulated surpluses/reserves (GAG plus unrestricted funds).
- Documented assumptions supporting expenditure.
- Capital expenditure projections, based on planned capital schemes and anticipated funding sources, including accumulated surpluses and unspent capital funds.
- Balance sheet projections, showing the build-up and use of accumulated surpluses, and the retention of reserves for contingencies across the LAT, as appropriate.

2.3. Budget

The Chief Finance Officer is responsible for ensuring the annual budget is prepared, approved by the CEO and Board of Directors, and submitted to the ESFA by the date required.

Any changes to the budget post submission to the ESFA must be approved by the Board of Directors. (i.e. more than a 5% change) Any significant changes will also be communicated to the ESFA in line with current guidelines.

The finalised budget must be communicated to all members of staff with budgetary control responsibilities.

The budget of each school within the LAT must be balanced in year without reliance on retained earnings/reserves from previous financial years.

The budgeting process will include:

- Forecasts of likely pupil numbers and the latest estimate of GAG receivable.
- Latest estimates of other ESFA/LA funding, based on expected levels (e.g. Pupil Premium, SEN).
- Estimates for other income, based on prior years and known variations.
- Review of past expenditure performance against budgets; identification of efficiency savings and consideration of known changes (pay increases, inflation).
- The pay budget to be supported by a list of known and planned staff, fully costed.
- Agreeing the recharge of each constituent academy’s GAG funding to fund LAT’s Central Services.
- A statement of assumptions highlighting areas of vulnerability and outlining possible remedial actions should a shortfall arise if these assumptions do not hold.

2.4. Budget Monitoring

Each school will be allocated a School Finance Officer to support budget monitoring and reforecasting.

A selection of finance reports are available to each school within the IRIS Financials reporting suite.

The Deputy CFO must submit to the Chief Finance Officer the following reports so they can be included in the Trust Board's strategic report:

- Latest re-forecast position the Trust
- Reforecast summary to include detailed variances by school

Staff with spending approval limits must not initiate transactions on an overspent budget or which would result in a budget overspend, without prior approval of the CEO/CFO/DCFO.

If a potential or actual overspend against budget (or underachievement of income) is identified (at school or Trust level, the Deputy CFO/Chief Finance Officer should establish the reason for the overspend and detail it in the reforecast reports prepared for the schools and CEO and the Board of Directors, together with a recommendation for action.

Capital Schemes

Capital schemes expose LAT to substantial risks. In many cases, the expertise required to oversee such schemes will not be available solely from within LAT's staff. Whenever a scheme is initiated, the Board of Directors must decide whether to engage external specialists to manage the project on behalf of LAT.

If external project managers are not appointed, the Chief Finance Officer/Estates Manager, in consultation with the CEO, must establish project management procedures, in writing, for approval by the Board of Directors. These procedures must cover the following:

- Plans and planning consents.
- VAT recovery.
- Contractor selection and contract structure.
- Project timetable with milestones.
- Monitoring construction progress/quality assessment.
- Payment profile and cash flow management (inc.VAT).
- Final sign off.

3. RISK MANAGEMENT AND INTERNAL CONTROL

3.1. Risk Management

The ATH requires that the Trust has risk management arrangements in place. The Learning Academies Trust use the process described below as our minimum standard for risk assessment.

A contingency and business continuity plan is required, which is the responsibility of the Estates Lead and which must be approved by the CEO and Board of Directors.

Adequate insurance/ Risk Protection Arrangements cover must be in place. This is the responsibility of the CEO and Board of Directors.

Risk register

The Board of Directors must agree the main financial risks that LAT faces and assess the likelihood of occurrence and materiality of each risk. A live risk register is maintained and is available to all Trustee's/Director's via Sharepoint.

The register will include as a minimum the following key financial risks and descriptions of the controls in place to mitigate:

- Overspend budget, caused by weak expenditure management.
- Overspend budget, caused by poor budgeting.
- Receive less income than budgeted, caused by poor budgeting/changes to funding.
- Overspend on capital schemes.
- Short term cash shortages.
- Long term cash shortages – insufficient reserves.
- Improper or irregular use of funds.
- Errors in accounts caused by inadequately skilled/experienced finance staff.
- Loss caused by lack of security over assets, including cash.
- Fraudulent payments to suppliers.
- Fraudulent payments to staff.
- Insufficient insurance cover.

Scheme of Delegation

The Scheme of Delegation is a separate document and is published on our website.

Fraud and theft

The establishment of effective segregation of duties combined with the detailed controls set out in this section are designed to minimise the risk of fraud and theft.

In the event that fraud or theft of any level is identified, the CEO/Executive Headteacher/Headteacher/Heads of School and Chief Finance Officer must report this to the Board of Directors and, if the amount involved exceeds the sum notified by the ESFA annually in the ATH, the ESFA must be notified.

LAT has a whistleblowing policy that staff who have identified fraud or theft can use to report their concerns.

Please also refer to the Trust's Anti-Fraud policy.

3.2. Nominal Ledger/Accounting System

System security

Entry to the IRIS Financials accounting system is password protected and the Chief Finance Officer is responsible for implementing an appropriate level of system security, in conjunction with the software provider, IRIS Financials (anti-fraud controls are embedded within the software package). Only appropriate staff should be granted access, determined and authorised by the Chief Finance Officer. IRIS Accounting System passwords should be changed at least every 180 days.

The current finance system, IRIS Financials is web based and is stored in an off-site secure location and uses iCloud storage.

Access controls are embedded within IRIS Financials and are regularly reviewed by the Systems Administrator/s who are listed within the summary of financial authorisation levels.

Journal entries

All journal entries are reviewed by the Chief Finance Officer on a monthly basis. However, significant journals (i.e. payroll and opening balances) must be documented and the journal audit trail, together with the supporting documentation, should be reviewed and authorised regularly by the Chief Finance Officer (evidenced by a signature on the audit trail). To the extent that a journal entry involves the allocation of costs against restricted funds, the Chief Finance Officer must be satisfied that the funds have been spent in accordance with the fund restrictions.

Transaction reports

The Chief Finance Officer and central finance team will spot check system reports on a monthly basis to ensure the accuracy of transactions posted to the accounting system. Any irregular transactions should be reported to the CEO.

Reconciliations

The CFO is responsible for ensuring the following reconciliations are performed each month, and ensuring that any reconciling items are cleared:

- Sales ledger – debtor control account
- Purchase ledger – creditor control account
- Prepayments
- VAT control account
- Charge Card control
- Salix
- Cyclescheme
- Childcare voucher control
- Payroll control
- Bank balance/s control

Any unusual or long outstanding reconciling items must be brought to the attention of the Chief Finance Officer who shall review all reconciliations and sign as evidence. All reconciliations should be retained.

Funds

Reports should be maintained to enable all revenues and costs to be allocated to the appropriate category of funds. These categories will include GAG (for the majority of costs, managed through the main budgetary control system), Pupil Premium, PE Grant, SEND, Specific Capital Projects, Devolved Capital, SCA, TriIRIS, Clubs, PTSA and Unrestricted. Additional supporting documentation must be kept to allow for the audit process if not easily identifiable on a ledger/nominal code.

The Chief Finance Officer must ensure that there is a system in place to allocate costs against restricted funds and monitor the level of unspent amounts and must report on this within the year end annual finance audit.

3.3. Income and Debtors

Grant income

The Chief Finance Officer is responsible for ensuring that all grants due to the academy are collected. The school should maintain a record of the total income expected and, as part of their review of monthly budget monitoring reports, establish that the correct amount of grant income has been received. The School should report to their School Finance Officer if grant monies expected are not received. The DPTSA/DDPTSA are responsible to liaise with the CFO to ensure all grant income expected is received.

Sales Invoices

Within IRIS Financials, each location has a sales ledger account to enable the production of sales invoices to be produced. Schools are to request with the CFT when a sales invoice needs to be raised, with the full details being provided:

- Date/s
- Who is to be invoiced
- Full name & address
- Reason for invoice and all supporting authorisation documentation should be kept. (i.e. approved letting agreement, copy of work undertaken).

Once produced, the CFT will email the invoice to the customer and follow up with a monthly statement for any balances outstanding.

The Aged Debtors report will be reviewed by each school monthly and submitted to the CFT with comments to confirm what actions have been taken to chase payment for any unpaid invoices.

Catering

The provision of catering/school meals is outsourced to CaterEd for all schools in the Trust.

No monies are to be paid into the Trust's bank account and must be paid direct to CaterEd's own bank account via Arbor payments.

The school office manager must ensure catering/school dinner debt is reconciled, monitored and chased regularly.

Free School Meals

Free School meals can only be provided if there is an entitlement.

Music Tuition

The school office manager must ensure music tuition income is collected via Arbor payment's and is reconciled, monitored and debts regularly chased.

Clubs

The school office manager must ensure clubs income is collected via Arbor payment's and is reconciled, monitored and debts regularly chased.

Extended Services

The school office manager must ensure extended services income is collected via Arbor payment's and is reconciled, monitored and debts regularly chased.

School trips

A lead teacher must be appointed to take responsibility for each trip.

A costing sheet for each trip must be created and supplied to the CFT by the school office manager so the trip can be set up in IRIS Financials with clear parameters of income due in and expenditure attributed to that trip.

Schools must ensure when costing the trip that board and lodgings for PP children cannot be recharged to the parents or spread across the total costing for other parents to pick up.

Please refer to the Trust's Charges and remissions policy for further details.

All payments for school trips are to be made via Arbor payments.

Once the trip has occurred, the trip balance should be NIL. Any shortfall/non payment will be charged back to the school.

Uniforms

Where an external stockist has not been identified and uniforms are sold on site minimal stock levels of core uniform should be kept on site.

Uniform must be paid for online via Arbor payments.

An annual stock take must be undertaken and will be requested by the CFT for the year end financial audit.

Lettings

All lettings must be approved as per the school's lettings policy.

The CFT will establish a sales ledger account to enable the School to request a sales invoice is raised via an invoice production request form. It is the School's responsibility to chase outstanding debts by reviewing their aged debtor's report (monthly) for their school and liaise with their School Finance Officer to ensure that no use is made of the facilities unless payment has been made.

Other sundry income

All income from other sources (e.g. educational consultancy, sponsorship, donations) must be priced in consultation with the Chief Finance Officer and an invoice raised.

No value must pass (goods, services) until the price has been agreed and the credit worthiness of the customer assessed.

It is the responsibility of the Chief Finance Officer to approve all credit arrangements.

VAT

Learning Academies Trust comes within the VAT 126 scheme and is not registered for VAT purposes therefore VAT is non-chargeable on sales and other income.

Input VAT should be claimed from HMRC on a monthly basis for cash flow purposes, one VAT return is submitted for the whole Trust and therefore VAT claiming will be coordinated by the Chief Finance Officer to fit in with monthly reconciliation processes. Once the VAT reimbursement has been received, this will be allocated out to the relevant location i.e. school, catering, central or PTSA.

Collection, custody, and banking

School office managers are to chase for outstanding debts monthly when checking their aged debtor's report.

All debts outstanding over 8-10 weeks old are to be reported to the CFT.

Physical Security

If cash and cheques are accepted in exceptional circumstances, they must be kept in the office safe or where a site does not have access to a safe in an agreed locked location prior to banking.

Banking should take place at least weekly, or when the value of cash and cheques held exceeds the limits identified in the Trust's Insurance policy.

Monies collected must be banked in their entirety in the appropriate bank account.

All cash counted must be counted and checked under dual control using the spreadsheet provided by the CFT.

The cash collection form should be used and both staff counting the cash should sign the form in evidence of the check. The form should be forwarded to the central finance team (CFT), quoting the paying in slip number to help with allocating income/reconciliation. The sums collected, deposited at the bank and recorded on the accounting system should be reconciled after each banking, and these reconciliations should be reviewed and signed by the School administrative staff /PTSA/catering staff to confirm accuracy.

Unrecoverable debts

Debts up to £1,000 can be written off on the approval of the CFO. Debts exceeding £1,001 require the approval of the CFO but reported to the CEO and Finance Committee who must be informed of all debts written off. The ESFA's approval is also required if debts to be written off are above the value set out in the ATH.

3.4. Tendering

Please refer to our Competitive Tendering Policy

3.5. Purchases, payments and creditors

Routine purchases

Purchase requisition orders (PORD's) are to be raised by the school and/or Central Finance Team through IRIS Purchasing on receipt of a signed requisition form. Approval will be given electronically through the accounting system by the SFO/DCFO/CFO/budget owner. For all purchase orders raised in IRIS Purchasing, the signed requisition form is to be uploaded/attached allow approvers to authorise. Schools with Schools are to attach these at the time the order is raised. Failure to upload will prevent the order from being authorised.

Non-order invoices should be discouraged wherever possible, although it is inevitable, on occasion, goods will be purchased without a purchase order having been raised i.e. spending during non-term time or in emergency situations. The amount of non-order invoices will be monitored by the CFO and will be shared with the EHT/HT and School / DDPTSA on a termly basis. Where the number of non-order invoices raised are considered too high, further training will be given to that school to reduce the frequency going forward.

A Requisition Form (RF) must be raised for all orders and those services purchased by the school/LAT through agreed contracts or Service Level Agreement (Contracts and Service Level agreements should not be entered into without the required approval as per scheme of delegation). The budget holder must check that they have the available funding within their budget. The RF should contain details of supplier, the items, reference number, unit cost and

quantity. If known and the item is for use in a restricted funded scheme (i.e. Pupil premium) this should be highlighted on the RF by the member of staff requesting the item.

Where possible a quote (or catalogue) price must always be obtained before any RF is placed.

The supplier should be chosen from proven suppliers, and, following the guidance in points 3.51 to 3.53, quotes should always be obtained before any RF is placed. It is recognised that in some instances, specialist educational services and supplies are provided by a limited number of suppliers, so it may not be possible to achieve the full number of quotes. However, LAT will endeavour to seek value for money by negotiating a discount across the constituent academies.

Proforma Invoice

If the order is being placed with a new supplier, then a new supplier request form should be completed.

Where a pro forma invoice is supplied, additional checks for assurance must be undertaken.

Non – Order Invoice (PI)

All purchase orders should be raised within the IRIS purchasing system. A purchase order (PORD) is placed on the system and then electronically authorised as per the scheme of delegation.

Under no circumstances should purchase orders be raised on IRIS where the invoice has already been received for payment or where goods/services have already been ordered/placed. These invoices must then be raised as a non-order invoice (PI).

Emergency Spend

Where emergency works are required, to allow the safe operation of the site or to secure the site, immediate actions taken sit outside of the routine purchases procedure. The Chief Finance Officer/Estates Manager or CEO must be contacted as soon as practicable and appropriate advice and guidance, when applicable, be taken and followed from the Trust's insurers.

Goods received

On receipt of the goods, the school must undertake a detailed check of goods against the PO and any accompanying goods received note.

They should check that only goods/services received have been GRN'd in IRIS financials **within 2 working days** of the goods being received to ensure invoices can be paid promptly on receipt.

Any issues should be raised with the supplier and details recorded.

GRN notes received should be attached to the order in IRIS Purchasing by the school.

Central GRN's

The following invoices can be GRN's by the CFT to ensure the prompt payment of invoices:

- Gas/Electricity/Water
- Subscriptions
- Waste
- Tree services
- IT services

Approved Supplier List

Suppliers set up in IRIS Financials are approved for use.

Invoices

All invoices received for payment are to be emailed to invoices@learningat.uk on the day of receipt.

Failure to forward in a timely manner may result in the Trust making late payments and be subject to late payment fees.

Invoices are **not** to be sent directly to schools. All suppliers are to be advised to email all invoices for payment to: invoices@learningat.uk

Non Order Invoices

All paper/postal invoices should be date stamped on receipt.

Where it is identified that the invoice does not relate to an order on the system, the goods or services received must subsequently be authorised and will be input into IRIS financials for approval. All non-purchase order invoices (PI's) will be posted into the REG period within IRIS and will need approval before they will be placed onto the payment run.

DO NOT raise a purchase order retrospectively if an invoice has been received for payment.

The internal audit process will spot check this area and identify high usage of non-order invoices for non-compliance of the financial procedure manual. Persistent levels of non-order invoices will be reported to the Chief Finance Officer for review and an explanation sought from school to identify why it has occurred.

Payments

As a minimum, one BACS run will be completed per week. This will be checked and authorised by 2 staff authorised to do so.

Faster payments can be made in an emergency.

3.6. Payroll

Staff appointments

The Board of Directors approves a personnel establishment annually by approving all budgets.

For sponsored schools, in- year changes can only be made to this establishment with the prior approval of the CEO/Executive Headteacher/Headteacher who must ensure that adequate budgetary provision exists, where staffing needs are outside the pre - agreed budget then the approval of the Board of Directors is required for the level of expenditure.

Approval for in-year staffing changes within budget at non-sponsored schools will be approved by the Executive Headteacher/ Headteacher, staffing needs outside of the pre-agreed budget will be agreed with the CEO/Executive

Headteacher/Headteacher and approved at the Board of Directors. For the creation of any new posts and/or changes to existing posts, i.e. grade changes or changes in job description, is to be subject to approval from the CEO in advance, following discussion.

The Executive Headteacher / Headteacher in consultation with the CEO has authority to appoint staff within the authorised establishment, except for his or her replacement and staff on the Leadership, whose appointment must follow consultation with the CEO and the Trust Board. The appointment of the Executive Head/Headteacher must be approved by LAT's Board of Directors. All personnel changes must be notified to the school's Local Governing Body.

Payroll administration

Payroll processing is administered by Delt Shared Services under a Service Level Agreement. All staff are paid on the 25th of the month.

Payroll records for payroll administration are maintained by Delt Shared Services under this Service Level Agreement.

Personnel files may be saved electronically or in paper form.

The Trust's HR team are responsible for checking that all payroll information is correctly entered into the Arbor MIS system for staff contracts and any changes or amendments are supported by appropriately authorised documentation. Copies of all payroll documentation must be emailed/stored in electronic folder into the DCFO to ensure the master staffing spreadsheet for the Trust is maintained at all times.

All changes to the salaries of the CEO/Executive Headteacher/Headteacher must be authorised by the Chair of Board of Directors. All changes for other staff must be authorised by the CEO/Executive Headteacher or the Head teacher/ for each academy site.

The SBM's/Office Managers/PTSA/Central HR & Payroll Administrator must ensure that the Payroll Provider has (in time for monthly processing) complete details of absences or unpaid leave; new appointments, contract amendments; terminations; overtime or other payments (including expenses). This information has to be authorised prior to despatch to the Payroll Provider. All authorised documents must be retained.

The CFT will check the gross pay reports monthly to ensure that that any changes expected, including new starters and leavers, are reflected in the payroll. Failure to check this report accurately or in a timely manner could result in staff being under or over paid.

Payments

After the payroll has been processed but before payments are made, the Payroll Provider will send a Gross Pay Comparison report which compares gross pay by individual compared to the previous month. This report must be reviewed by the SBM's/ Central HR & Payroll Administrator prior to instructing the Payroll provider to make payment.

After the payroll has been processed, the Payroll Provider will send payroll reports to the Chief Finance Officer. The Chief Finance Officer will process the payroll files/posting journals and the DCFO will upload the CSV into the budget planning software to allow the SBM's in the constituent academies to compare actuals to budgets. From the information provided, the payroll provider will prepare payments to be made to the pension agencies and HMRC.

The LAT monthly payroll summary should be signed and dated by the Chief Finance Officer and the CEO as evidence of their review.

Staff Expenses Claims

Travelling expenses/claims and subsistence will be paid in accordance with the Plymouth Book for support staff or the Burgundy Book for teaching staff. Please refer to LAT's Expenses Policy for further details. For example, mileage

will be paid at the HMRC approved rate of 45p per mile (Peninsula) / 25p per mile (Out of Peninsula). Please refer to the LAT Staff Expenses policy for further details. All expense claims should be approved as follows:

- CEO/Executive Headteacher – Chair of the Board of Directors or the Chief Finance Officer and 1 other member of the LAT leadership team.
- Headteacher – Chair of their LGB or CEO or the Chief Finance Officer.
- All other staff – Head teacher of academy site principally employed at.

In exceptional circumstances the CEO can agree expenses for any member of staff other than themselves.

Under no circumstances must personal debit/credit cards be used for the purchase of goods for the LAT. In exceptional circumstances, where a personal card has been used, the school must inform the CFO to agree reimbursement. Purchases should be made via a LAT multi-pay card wherever possible.

Staff expenses claims should purely relate to claims for the staff member in question up to a maximum of £50 per transaction.

Mobile Phone Expenses/claims

Staff who wish to claim a reimbursement under the Plymouth Book for reimbursement of personal phone charges MUST first be approved by the Exec HT/HT/CEO/DPTSA as a user who needs to use their mobile phone in the general course of their work. Where possible, approved staff who need a mobile phone should be allocated a work mobile on the LAT mobile contract, with the cost being picked up by the school. Schools are not permitted to take out mobile phone contracts themselves without the permission of the CEO.

Recruitment Expenses

Removal expenses to new members of LAT staff are not paid.

Interview expenses are paid at the discretion of the interview panel and will only be settled on the production of valid invoices or receipts. Travel expenses, if approved, will be calculated at public transport rates and/or appropriate fuel prices, bearing in mind the distance travelled.

Staff severance payments

The guidance on staff severance in the context of the proper use of public funds is detailed in the ATH and must be referred in all cases where staff severance payments are being considered.

Annual review of payroll arrangements

On an annual basis, the Chief Finance Officer or responsible named person must check that, for each academy school/PTSA, a sample of staff files will be checked that the gross pay per the payroll system agrees with the contract of employment held in the personnel file. On a rolling cycle, the personnel files of all LAT staff may be audited to ensure the correct contractual paperwork is held and the file contains the correct HR paperwork, including right to work in the UK and that they are being paid correctly.

3.7. Fixed Assets

Fixed asset register (FAR)

All capital items purchased over the capitalisation limit of **£5,000** must be entered into the LAT Fixed Asset Register (FAR) / Management System available to all Trust schools. This must record:

- Asset description
- Asset number
- Serial number

- Date of acquisition
- Location
- Name of member of staff responsible for the asset.
- Asset cost
- Source of funding
- Expected useful economic life
- Depreciation
- Current book value

Asset security

All items included in the inventory system should be permanently and visibly marked as LAT's property, using the labelling system and software.

An annual physical check should be done in June/July by the SBM's/Office Manager's/PTSA to ensure that all assets included on the register exist and are unimpaired. Any differences should be investigated and, if significant, reported via the CFO to the CEO and Board of Directors.

For our inventory system, all assets will be entered.

An annual physical check should be done in June/July by the SBM's/PTSA to ensure that all assets included on the register exist and are unimpaired. Any differences should be investigated and, if significant, reported to the Board of Directors.

Any discrepancies will be advised to the Chief Finance Officer who will inform the CEO/Board of Directors.

- 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 Trust's financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters;
- security & disposal of assets. Detailed guidance is included in the associated procedures.

Disposals

The guidance on asset sales in the context of the proper use of public funds is set out in the ATH, which should be referred to whenever assets are being considered for disposal.

Items on the fixed asset register which are to be disposed of by sale or destruction must be authorised for disposal by the Board of Directors. For all asset disposals where expected proceeds exceeds £2,500, the Chief Finance Officer must ensure that a competitive bidding/tendering process is undertaken if the nature of the asset permits. If this cannot be achieved the method adopted to ensure value for money must be approved by the Board of Directors.

Loan of assets

If a member of staff wishes to borrow an asset for personal use this must be organised through the Executive Headteacher/Headteacher/DPTSA of each site, and insurance arrangements verified. The SBM's/Office Manager's/PTSA must keep a record of the loan, sign the item in and out and check the condition of the asset on its return. Loans must be for short periods only to avoid potential benefit-in-kind tax consequences.

4. STOCKS

Regardless of whether stocks of goods for resale (e.g. uniforms, sports equipment) are to be included within the Trust's annual balance sheet, a formal stock take should be undertaken at 31 August annually. The stock take should

record each type of item held, and the number in stock. This should then be extended to record the associated cost of each item to give a closing stock figure.

The school office manager will need to provide the above to the CST as part of the annual finance audit.

5. CASH MANAGEMENT

Bank Accounts

The Trust operates a single bank account that can only be accessed by approved central members of staff with varying authorisation levels. Schools will not operate their own bank account or have direct access to the Trust's bank account.

The opening of all bank accounts must be authorised by the Chief Finance Officer and reported to the Finance Committee/Trust Board.

Cash

The Learning Academies Trust is cashless organisation. No cash should accepted.

All payments are to made online via Arbor payments direct to the Trust's bank account.

Petty Cash

Petty cash is not permitted unless with express approval by the Chief Finance Officer.

Deposits

Each school will have its own paying-in book with a unique reference so deposits into the Trust's bank account can be easily identified.

Particulars of any deposit must be entered on a paying-in slip and should include:

- The amount of the deposit
- The number of the receipt.
- The name of the debtor
- The date

Any supporting paperwork relating to the deposit i.e. grant donation should be forwarded to:

centralfinance@learningat.uk

Cash Flow

The Chief Finance Officer must review the monthly cash flow forecast for the Trust to ensure that the bank account is not overdrawn or projected to be overdrawn and that LAT abides by its contractual obligations (pays on time). The forecast should be updated monthly with actuals and shared with the Finance Committee.

In the event that these forecasts identify any potential cash shortfalls, the Chief Finance Officer must report to the CEO.

Board of Directors who must approve the arrangements, set out in a memorandum, covering the operation of the accounts including any transfers and cheque signing arrangements/BACS authorisation arrangements.

The Chief Finance Officer is the System Administrator at the bank and responsible for setting up and maintaining security access/levels and administering cash transfers between individual bank accounts of each constituent academy/PTSA and the LAT.

Payments and withdrawals

All payments will be undertaken by the CFT via BACS or faster payment and are only to be actioned against an approved invoice or staff expenses requisition.

Cheques are no longer used/issued.

All payment runs via BACS or faster payments must be approved by **two** members of staff, irrespective of amount.

For transfers of funds into or out of our savings accounts, this can be actioned solely by the CFO and via the telephone to the Money Market trade support team.

All deposits and withdrawals must be notified to the CEO and Chair of Finance Committee on a termly basis and bank balances will be reported to the Finance Committee termly.

Cheques

A cheque book is held for the Trust's current account and is held by the Chief Finance Officer.

Cheques are to be kept in a locked drawer/safe overnight.

Bank passwords and memorable information should not be shared and must be held securely and separately from card/card readers if written down.

Lloyd's Bank - Payment Authorisation

Approver List – BACS/Faster Payments – any TWO to approve.	
Chief Finance Officer	Kay Mabin
Deputy Chief Finance Officer	Claire Upton
Management Accountant	Madeline Wakeham
School Finance Officer	Zeana Bevan
School Finance Officer	Miles Wren
School Finance Officer	Tammy Christie
Payroll & Finance Administrator	Gosia Mlodziniak

Bank Signatories

Bank Signatories	
CEO	Simon Spry
Chair of Trust Board	John Butcher
Chief Finance Officer	Kay Mabin
Deputy Chief Finance Officer	Claire Upton
Management Accountant	Madeline Wakeham
Executive Headteacher	Cheryl Brake

Reconciliations

The Chief Finance Officer must ensure that bank statements are received regularly and that reconciliations are performed on at least a monthly basis. These should be subject to an independent monthly review by the CEO and any adjustments should be dealt with promptly.

Multi Pay cards

See Multi Pay Card section in Finance Policy. A list of current cardholders can be downloaded from Lloyds Bank.

Schools may request a charge card. However, charge cards are only normally issued to the following designated cardholders:

- Headteacher
- Office Manager
- Breakfast/After School club lead

The cardholder is the only person who can use the card. It must not be given to anyone else in the school. The charge card must be held securely by the cardholder.

Charge cards are issued and administered by the CFT. All receipts must be produced and reconciled to the monthly credit card statement by the designated card user and submitted to the CFT for review and recording in PSF. The credit card must be used for emergency purchases only.

Reserves and Investments

The Learning Academies Trust operates reserves pooling.

Please refer to our Reserves Policy.

The Trust will build and maintain a revenue reserve fund to provide flexibility and certainty in forward planning. This will be reviewed on a regular basis but at least annually.

- All revenue and capital reserves are controlled by the CFO and CEO including those transferred in upon conversion and cannot be spent without the approval of the CEO. Please refer to the summary of financial authorisation levels.
- In accordance with ESFA and charity accounting standards, the Trust will maintain financial records which identify revenue reserves by academy/PTSA. These will then be centrally pooled to build up revenue reserves in line with the reserves policy approved by the Board.
- The Trustees will consider investing excess cash funds on deposit in an interest-bearing account in a UK regulated bank or in other instruments and investments as agreed from time to time by the Board.
- The Trust will take a very prudent approach to any deposits or investments that it makes.

5.1. Document Retention

Finance records – 6 years plus current. Please refer to the LAT Records Management Policy – which is based on the guidance provided by the Information and Records Management Society Academies Toolkit (dated February 2019).

6. PROPER AND REGULAR USE OF PUBLIC FUNDS

6.1. Handbook Requirements

The ATH sets out the requirements of the LAT to put in place internal procedures to ensure regularity and propriety in the use of public funds. To comply, the LAT must:

- Establish controls to ensure that spending has been for the purpose intended
- Maintain a register of trustees' business interests (below)

- Establish controls to ensure no payments are made to Members, Directors/Trustees/Governors/Trustees/LGB's or other related parties, unless permitted (Section 3)
- Ensure payments made to senior employees comply with the DfE's directions re avoidance of tax (Section 3)
- Ensure a competitive tendering policy is in place and applied
- Assets are not disposed of without appropriate consent The Accounting Officer's statement on governance, regularity, propriety and compliance must be included in the LAT's annual report. The AO also has a responsibility to advise the Board of Directors and the ESFA on any instances of irregularity or impropriety, or non-compliance with the terms of the Funding Agreement.

To help to enable the CEO to sign off on this statement, the LAT maintains a Key Financial Controls Checklist, which sets out those key controls which should operate on a monthly, per committee meeting and annual basis. The Chief Finance Officer is responsible for maintaining this checklist and signing it on a monthly basis to confirm compliance.

6.2. Register of Business Interests

Members, Directors, Local Governing Body members and staff with significant financial powers must declare any financial interest they have in organisations or individuals from which the LAT may be making purchases. The register is open to public inspection. All Members, Directors, Local Governing Body members and relevant staff will be asked to confirm on an annual basis that the register of interest is up to date and complete.

The register should include all business interests, such as directorships, shareholdings and other appointments within a business or organisation which may have dealings with the LAT. The disclosures should also include business interests of relatives or business partners where influence could be exerted. This register to be made available on the company website and should be a live document, available to all staff with purchasing ability.

The register of business interests does not detract from the duties of 4.4. Members, Directors, Local Governing Body members and staff to declare interests whenever they are being discussed by the Board of Directors or a Committee. Where an interest in a matter has been declared, Members, Directors, Local Governing Body members and staff should not attend the part of the meeting dealing with the matter.

For any new suppliers there is a need to ensure that the member of staff involved in the requisition have provided a declaration of interest. Where a supplier is identified as a possible related party organisation this needs to be identified on the accounting system, approval sought from the ESFA (ATH, Section 5.41), the CEO informed and the member of staff with the interest to not be party to any decision making with regards to the use of that supplier.

6.3. Trading with Connected Parties

According to the Academy Trust Handbook 2019 (Subject to Sections 5.53 to 5.56) a trust must pay no more than 'cost' for goods or services provided to it by the following persons (services do not include services provided under a contract of employment)

- Any member or trustee of the academy trust

Any individual or organisation connected to a member of the trustee of the academy trust. For these purposes the following persons are connected to a member, or trustee:

- A relative of the member or trustee. A relative is defined as a close member of the family, or member of the same household, who may be expected to influence or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse, or civil partner.
- An individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee;
- A company in which a member or relative of a member (taken separately or together), and/or a trustee or a relative of a trustee (taken separately or together), hold more than 20% of the share capital or is entitled more than 20% of the voting power at any general meeting of that company;
- An organisation which is controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the trustee (acting separately or together). For these purposes and organisation is controlled by the individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes;

- Any individual or organisation that is given the right under the trust's articles of association to appoint a member or trustee of the academy trust; or anybody related to such individual or organisation;
- Any individual or organisation recognised by the Secretary of State as a sponsor of the academy trust; or anybody related to such individual or organisation

The 'at cost' requirement applies to contract for goods and services from a connected party:

- The 'at cost' requirement applies to contracts with a related party exceeding £2,500, cumulatively, in any one financial year. Where a contract takes the trust's cumulative annual total with the related party beyond £2,500, the element above £2,500 must be at no more than cost.
- Academy trusts must ensure that any agreement with an individual or organisation referred to in section to supply goods or services to the trust is properly procured through an open and fair process and is:
- Supported by a statement of assurance from that individual or organisation to the trust confirming that their charges do not exceed the cost of the goods or services;
- On the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply.
- For any organisation identified as a connect party a statement of assurance must be provided using the proforma and a copy of the signed document passed to the Chief Finance Officer.

6.4. Payments to Directors, Local Governing Body Members, Employees or other Related Parties

Member, Directors, Local Governing Body members and staff will avoid accepting excessive hospitality, entertainment or other services from existing or prospective suppliers. A register of hospitality and gifts received shall be maintained by the academy school/PTSA/CFO/central finance team for any items over £20.00

Unless an individual has provided clear evidence of self-employed status all payments to individuals will be processed only through the payroll system.

Members, Directors and Local Governing Body members will receive no remuneration for their work other than payment of reasonable out of pocket expenses such as travel or accommodation charges incurred in connection with their duties as a Members, Directors or Local Governing Body members.)

6.5. Abnormal Transactions and Delegated Authorities

The following non-routine transactions are identified in the ATH:

- Overpayments
- Unrecoverable debts
- Guarantees, letters of comfort and indemnities
- Losses of stock and other assets
- Gifts or hospitality received or given
- Gifts of surplus assets
- Staff severance payments and compensation
- Asset sales, leases and tenancy agreements

For all of the transactions above and any other transaction which falls outside the usual planned range of activities, LAT should obtain relevant professional advice where appropriate; ensure decisions reflect value for money; agree internal delegation levels; and disclose the aggregate of such transactions in the annual accounts, detailing each individual transaction greater than £5,000. All abnormal transactions must be reported to the Board of Directors, regardless of the internal approval delegated authorities.

Prior to the agreement of leases current ATH guidelines must be checked to ensure within agreed levels and approval sought from the CFO to ensure no duplication

One of the recommendations of the ATH is that LAT should set internal delegation levels for the approval of the above non-routine transactions. These delegation levels are included in Appendix A below.

Where a constituent academy is considering entering into a lease arrangement the approval of the Chief Finance Officer is required prior to entering into any agreement to ensure it is an operating lease. If it is assessed by the Chief Finance Officer to be a finance lease with the approval of the Chair of the Board of Directors we will liaise with the ESFA for approval prior to the lease being agreed. All finance leases must be approved by the Board of Directors once final approval from the ESFA is received.

Fees and charges

Fees for chargeable services should normally be set at full cost, but a higher amount may be used when in a commercial environment.

Whistleblowing

Anybody who has concerns regarding the propriety or regularity of any activity undertaken by LAT or a member of its staff:

- Should follow the LAT's whistleblowing (confidential reporting) policy

In the very unlikely event that the concerns are such that this would also be inappropriate (and only in these extremely rare circumstances), the member of staff must contact the ESFA directly.

All staff must be made aware of these whistleblowing procedures.

Borrowing

ESFA approval is required for borrowing and certain other similar liabilities (leases, tenancies, indemnities). In the event that AT considers entering into any such transaction, full Board of Directors approval is required.

Managing surplus GAG

Section 5.28 of the ATH sets out the ESFA's guidance on the use of GAG 'carry-forward' and its monitoring arrangements. This is required reading for the CEO and Chief Finance Officer. There must be a clear plan which demonstrates how the surplus funds are to be used for the benefit of the current pupils of LAT. This plan must be put to the Full Board of Directors and approved formally at the time of the approval of the annual report and accounts.

Pooling of GAG at LAT

Section 5.29 of the ATH sets out the ESFA's guidance on the pooling of GAG by multi-academy trust. LAT has the freedom to amalgamate a proportion of GAG funding for all its academies to form a central fund. This fund can then be used for meeting the normal running costs at any of its constituent academies within the trust.

LAT must give individual consideration to the funding needs and allocations of each constituent academy and must have an appeals mechanism in place. If a constituent academy's head teacher feels that the academy has been unfairly treated, they should first appeal to the trust. If the academy head teacher's grievance is not resolved, they can appeal to the Secretary of State, via the ESFA, whose decision will be final and who can dis-apply the provisions for pooling in the ATH in relation to the LAT.

The basis of LAT's pooling of GAG is a recharge of actual costs of each constituent academies' GAG funding to fund LAT's central services. This will be reviewed annually by the Board of Directors or on substantial change to the Trusts make up.

6.6. Trust Reserves

Please refer to the Trust's reserves policy.

7. ANNUAL ACCOUNTS AND AUDIT

7.1. Overview of Audit Arrangements

Audit requirements are set out in detail in Part 4 of the ATH and are not reproduced in this FPM.

External auditors must be appointed (and if necessary removed) in accordance with the guidance given in the ATH.

The LAT must have in place a process for independent checking of financial controls, systems, transactions and risks. To achieve this (depending on its size and complexity), the LAT must choose to have either a separate audit committee or a committee which fulfils the role of an audit committee.

The role of this committee is set out in 3.17 of the ATH. Arrangements must be put in place to deliver the controls assurance work required and may be carried out by:

- an internal audit service
- a supplementary programme of work performed by the external auditors
- a Responsible Officer – internal/external appointment
- a peer reviewer from another Academy Trust

The LAT must set up appropriate arrangements and the appointed body/person must follow the programme of work required is attached at Appendix D as a minimum.

8. PREPARING FOR EXTERNAL AUDIT (EA)

Work to be undertaken during the accounting period

In order to ensure that the period end accounts and audit process is as straightforward and cost effective as possible, the following items should be addressed during the accounting period.

Reviewing the structure of the trial balance to ensure adequate fund accounting information

Whichever accounting system is used by the LAT, it is essential that it is structured to enable detailed fund accounting records to be maintained throughout the period.

The statutory accounts of the academy will require both the income and the costs of the LAT to be analysed between each individual fund. Therefore all income and expenditure must be split between unrestricted funds (which are those that can be used for any purpose of the LAT), restricted GAG funds and restricted other funds (such as Pupil Premium, SEN, start-up grants and other grants).

Maintaining a fixed asset register

As described in Section 3 above, a fixed asset registers for each constituent academy must be maintained accurately to ensure that External Auditor time is not overspent in this area.

Maintaining a record of Governors/Trustees/LGB's interests and related party transactions

As required in Section 4 above, the register of Governors/Trustees/LGB's' interests must be maintained so as to be able to produce a schedule of transactions with Governors/Trustees/LGB's and related parties, recording the date, description, amount of transaction and nominal code where the transaction is recorded.

Maintaining a record of meeting attendance

The annual report disclosures usually include details of the number of Board of Directors and Finance and Audit meetings that were held in the period, together with the number of meetings attended by each individual governor. A record of attendance should be maintained throughout the year, to ensure that the information is available at the year end.

Period end procedures to be undertaken

Period end adjustments

To prepare statutory accounts a number of period end adjustments to the trial balance figures are necessary. This work can be undertaken internally by the Chief Finance Officer , DCFO OR TMA or externally by the EA. This split of responsibilities will have an impact on EA fees.

The main adjustments required will be in the following areas:

- Reconciliation of the bank accounts and correction of any old or incorrect outstanding deposits / cheques
- Depreciation charges on the fixed assets for the period
- Calculation and inclusion of the period end stock value
- Prepayments – typically prepaid IT licences and support, rental payments paid in advance, grounds contracts paid in advance etc.
- Pupil Premium/SEN and other grant income where a deferral or accrual of income is needed so that income is recognised in the correct accounting period
- Accruals and deferred income – typically expected costs for the period that have not yet been invoiced for utility bills, service level agreements, accounts and audit fees, as well as deferring income received in advance on (e.g.)school triIRIS
- Reconciliation of the period end PAYE and NI creditors to the payroll, together with pension creditors
- Ensuring that the creditors' ledger is complete. In order to facilitate this it is important that a file of late invoices relating to the period prior to 31 August, but received after the year end is maintained. If any such invoices have not been accrued for in the accounts, an adjustment may be necessary to bring them in.
- LAT's accounting policy is to include stock held for resale (such as uniforms or sports equipment) within the balance sheet (which will depend on whether the amounts involved are considered significant), then the details from the annual stocktake (Section 3 above) need to be made available. Stock is valued at the lower of cost and the net realisable value that it can be sold for. Therefore if any items of stock are damaged or obsolete, these should be noted on the schedule and written down in value.

Documentation required for the preparation of the annual report and accounts

In order to prepare the annual report and accounts, the following documentation and information will be required.

Narrative reports

The first part of the annual report consists of a range of narrative reports setting out information about how the LAT is run and structured, its achievements during the period and details on the various controls that it has in place.

This section of the report will require a significant amount of input from the Governors/Trustees/LGB's. Therefore it is recommended that action is taken to start collating and drafting the narrative reports promptly after the period end and prior to the auditors coming on site.

Whilst some sections of narrative, such as the financial review, will need to be prepared after the draft accounts are available, the majority of the reports can be prepared before then.

Reference and Administrative Details

In order to complete this section the following information will be required:

- Details of all members of the Board of Directors during the period including appointment / resignation dates
- Details of the senior management team (i.e. CEO, The Chief Finance Officer etc.)
- Details of bankers and solicitors

Directors' report

It is LAT's policy to use the ESFA provide template known as "Coketown" proforma which provides guidance. However all sections will need to be reviewed and updated annually. As this is the directors' report, it will need to be

circulated to, and agreed by, the Board of Directors or their agreed representative prior to inclusion in the annual report.

Some of the sections of the Governors/Trustees/LGB's' report will be able to be drawn from the Memorandum and Articles of LAT, including:

- Members' liability
- Method of recruitment and appointment or election of Governors/Trustees/LGB's
- Objects and aims of the academy

The main areas requiring input from LAT are:

- Organisational structure
- Risk management procedures
- Activities of LAT during the period
- Details of achievement and performance
- Financial review
- Reserves policy explaining why funds are held
- Plans for future periods

Governance statement

The governance statement sets out information on the responsibilities of the Board of Directors and in particular requires details of:

- The number of times the Board of Directors met during the period
- Details of the number of Board of Directors meetings each governor attended in the period, and the total number they could have attended
- The same information for the Finance and Audit Committee.
- Narrative on how LAT has decided to meet its internal control obligations, such as explaining the role of the Responsible Officer or Internal Auditor.

Financial information

In order to prepare the main financial statements the following reports and documentation will be required by the auditors and it is important that this information is available in final form, prior to the commencement of the accounts and audit fieldwork.

The information required for the main financial statements will include:

- Reconciled trial balance at 31 August
- Bank and petty cash reconciliations at 31 August
- Printout of aged debtors at 31 August
- Details of any debtors that should be provided for as bad debts
- Printout of the aged creditors at 31 August
- Details of any late invoices relating to the period, that are not reflected in the trial balance
- Workings to support any accruals, prepayment or deferred income calculations reflected in the trial balance. Supporting documentation should also be attached for items in excess of £5k
- Nominal activity report printouts for repairs and maintenance costs, legal and professional costs, sundry expense costs and any uncleared suspense codes
- Stock valuation at 31 August (if any)
- The fixed asset register, reconciled to the trial balance.

The following information will also be required to complete the notes to the accounts:

- Operating lease agreements for all ongoing leases at 31 August. This will typically include building leases, photocopier / franking machine / IT leases, motor vehicle leases etc.
- Details of any capital commitments at the 31 August. These are legal commitments at the period end for work that has not yet been undertaken, typically signed building contracts, commitments to purchase IT equipment etc.
- The governor and officer indemnity insurance policy, showing the premium paid for the year
- Average staff numbers for the period (calculated on a full time equivalent basis for part time staff). These should be split between relevant categories such as teachers, teaching assistants, admin and support staff and management
- Details of pension contributions paid for employees earning over £60k per annum
- Where any staff members have a mixed role and spend time on generating voluntary income, fundraising and educational operations, an estimated allocation of their salary costs between each role should be prepared
- A schedule setting out Governors/Trustees/LGB's remuneration for the period, including:
 - Gross remuneration and employers pension contributions paid on behalf of each staff Governors/Trustees/LGB's (including the CEO/Senior Leadership Team)
 - Expenses reimbursed to Governors/Trustees/LGB's
- A schedule setting out related party transactions. This should include transactions with businesses and organisations disclosed on each governor's declaration of interests
- An FRS102 Local Government Pension Scheme report at 31 August (and date of conversion in the first period)
- Details of any post balance sheet events requiring disclosure in the accounts. This would include significant changes to the activities of the LAT since the period end (i.e. additional members joining a multi academy trust), purchases, sales or losses of significant assets since the period end (including as a result of a catastrophe), strikes and labour disputes etc.

Access to the basic accounting records of the academy will also be required for both the accounts preparation and for audit testing purposes and therefore needs to be readily available:

- Bank statements for the period and since the period end
- Purchase and expense invoices for the period and since the period end
- Sales invoices for the period and since the period end
- Purchase and sales credit notes for the period and since the period end
- Grant documentation for all non-GAG restricted income (such as Lottery grants, capital grants and similar income sources)
- Payroll records for the period
- VAT returns or forms 126 for the period, with supporting workings.
- 5.62 In order to conduct the audit fieldwork, the audit team will require access to the core accounting records and accounting information set out above, together with the following key documents:
 - Minutes of Board of Directors and other Committee meetings
 - Copy of the signed funding agreement
 - Copy of the latest budget submitted to the ESFA
 - Documentation to support any balance transferred from the Local Authority on conversion
 - The register of Governors/Trustees/LGB's' interests
 - Responsible officer / internal audit reports throughout the period
 - Full details of any claims or litigation by or against the academy
 - Full details of any fraud or suspected fraud arising during the period
 - Statutory records of the company, including Memorandum and Articles

9. PREPARING FOR ANNUAL ACCOUNTS RETURN (AAR)

The standard AAR is primarily based on the annual financial statements to 31 August, together with additional disclosures to allow for the consolidation of individual ATs into the government accounts.

Where the AAR is to be based on available accounts to 31 August, the following information will be required in addition to the final statutory accounts in order to complete the additional disclosures:

- An analysis of revenue and capital grants by the specific issuing body (ESFA, DfE etc.)
- Staff costs disclosed in the accounts to be analysed between those on permanent contracts and those on temporary contracts. As a minimum you will require a list of permanent and temporary staff names to enable the split to be calculated
- Accrued or deferred holiday pay to be calculated as at 31 August
- The land and buildings valuation included in the accounts to be analysed between land and buildings
- Total future operating lease commitments at the 31 August - this is an alternative treatment to the accounts that will have disclosed the annual cost (rather than total cost) of each commitment
- The return requires a list of transactions and balances with parties related to the ESFA (rather than just to the AT). The ESFA related parties are provided by the ESFA and therefore a list of transactions with any of these parties needs to be prepared
- Counterparty balances return. This section of the return requires an analysis of all period end debtor and creditor balances and in-year purchase and sale transactions with counterparties, broken down by the individual counterparty. The relevant government counterparties include other academies, local authorities, district councils, HM Revenue & Customs, Teachers Pensions and other public bodies etc. There is a full list of potential counterparties on the 'CP IDs tab' of the AAR. Most accounting systems should allow a supplier report to be printed in order to identify the counterparties, and then transaction information can be obtained for each supplier
- Details of the following transactions will also be required if they have occurred in the year:
 - Losses (re stock or other assets) or write-offs (unrecoverable debts or overpayments)
 - Gifts or hospitality received or paid
 - Special payments
 - Staff severance or compensation payments
 - Contingent assets and liabilities

10. APPENDIX A - FINANCIAL SCHEME OF DELEGATION – LEARNING ACADEMIES TRUST

The scheme of Delegation should be reviewed against the LGB terms of reference and amended for any site where the delegated power and duties are different from below, where amendments are made this needs to be approved by the Board of Directors.

Table of powers and duties

Activity	Board of Directors (BoD)		CEO	CFO/DCFO/Estates Manager (EM)	School Based Finance Staff	Exec HT's/HT/Others
		Finance & Audit Functions				
Planning, risk management & entity level internal control	<ul style="list-style-type: none"> • Approve strategic plan • Approve contingency & business continuity plan • Approve Scheme of Delegation • Sign Governance Statement • Formulate plans for the use of surplus funds (GAG and other unrestricted), including reserves policy 	<ul style="list-style-type: none"> • Review risk register • Ensure insurance arrangements adequate • Review contingency & business continuity plan • Review SBM/IA confirmation of effective segregation of duties 	<ul style="list-style-type: none"> • Prepare strategic plan • Overall responsibility for security of assets, information and records • Sign Statement of Regularity, Propriety & Compliance • Sign Governance Statement • Line manager for CFO • For abnormal transactions, approve the CFO proposed procedures • Advise the GB on the use of surplus funds (GAG and other unrestricted) 	<ul style="list-style-type: none"> • Prepare strategic plan projections • Prepare contingency & business continuity plan (EM)(a) • Prepare risk register • Arrange insurance cover • Notify FC of events which could affect the insurance arrangements • Confirm effective segregation duties • Ensure FPM is up to date and staff are trained appropriately • Identify, report and adopt the required procedures in connection with any abnormal transactions, as defined in Section 4 above, and report all to the GB 	<ul style="list-style-type: none"> • Notify Estates Manager or CFO/DCFO of events which could affect the insurance arrangements • Identify, report and adopt the required procedures in connection with any abnormal transactions, as defined in Section 4 above, and report all to the GB 	<ul style="list-style-type: none"> • HT/LGB's - Review effective segregation of duties(a) • HT/LGB's – responsible for security of assets

Activity	Board of Directors (BoD)		CEO	CFO/DCFO/Estates Manager (EM)	School Based Finance Staff	Exec HT's/HT/Others
		Finance & Audit Functions				
Budgetary Control	<ul style="list-style-type: none"> Approve budget Consider reports from CFO. Authorise all budget virements over threshold 	<ul style="list-style-type: none"> Recommend acceptance (or otherwise) of annual budget to BoD Monitor budgetary control reports & report to BoD Review budget virements over threshold 	<ul style="list-style-type: none"> Review budgetary control reports to identify any overspending risk Authorise budget virements (sponsored LABs) within limits & notify FAC 	<ul style="list-style-type: none"> Prepare budget Prepare budgetary control reports Monitor income , expenditure & cashflow against budget Report on budget monitoring to Board of Directors Authorise budget virements within limits and notify FAC 	<ul style="list-style-type: none"> Prepare budget (a) Prepare budgetary control reports (m) Monitor income, expenditure & cashflow against budget (m) Authorise budget virements within limits and notify FAC 	<ul style="list-style-type: none"> Staff with spending approval limits Monitor expenditure against their delegated budget (m) Report any expected overspend or irregularity to CFO.
Nominal ledger & accounting system		<ul style="list-style-type: none"> Review list of staff system access authorities (a) Receive report from CFO ,on use of restricted funds (em) 		<ul style="list-style-type: none"> Ensure system security Ensure internal controls are designed to operate (and are operating) in accordance with the FPM Monitor use of restricted funds for specified purposes 	<ul style="list-style-type: none"> Ensure system security Ensure internal controls are designed to operate (and are operating) in accordance with the FPM 	<ul style="list-style-type: none"> Headteachers ensure internal controls are designed to operate (and are operating) in accordance with the FPM
Income & debtors	<ul style="list-style-type: none"> Authorise write off of debts > limit set in ATH Raise sales invoices over threshold 	<ul style="list-style-type: none"> Raise sales invoices within limits 	<ul style="list-style-type: none"> Raise sales invoices within limits 	<ul style="list-style-type: none"> Ensure internal controls are designed to operate (and are operating) in accordance with the FPM Check and confirm that all grant income due has been received Raise sales invoices within limits 	<ul style="list-style-type: none"> Ensure internal controls are designed to operate (and are operating) in accordance with the FPM Check and confirm that all grant income due has been received 	

Activity	Board of Directors (BoD)		CEO	CFO/DCFO/Estates Manager (EM)	School Based Finance Staff	Exec HT's/HT/Others
		Finance & Audit Functions				
Purchases, payments & creditors	<ul style="list-style-type: none"> Maintain register of business interests Authorise advertising & award of tenders over threshold Authorise acceptance of all late & not most financially favourable tenders 	<ul style="list-style-type: none"> Authorise advertising & award of tenders within limits 	<ul style="list-style-type: none"> Open tenders in the presence of another authorised person Authorise orders & contracts within limits 	<ul style="list-style-type: none"> Ensure internal controls are designed to operate (and are operating) in accordance with the FPM Open tenders in the presence of another authorised person Authorise orders & contracts within prescribed limits Ensure there is adequate segregation of duties 	<ul style="list-style-type: none"> Ensure internal controls are designed to operate (and are operating) in accordance with the FPM Ensure there is adequate segregation of duties Staff with spending approval limits and nominated administrators are authorised to receive and check goods 	<ul style="list-style-type: none"> Staff with spending approval limits authorise orders within limits
Payroll	<ul style="list-style-type: none"> Approve personnel establishment (a) 	<ul style="list-style-type: none"> Authorise permanent headcount changes in excess of budget 	<ul style="list-style-type: none"> Approve staff appointments within authorised establishment Approving the payment of salaries with the Chief Finance Officer ,or other responsible person (m) 	<ul style="list-style-type: none"> Ensure internal controls are designed to operate (and are operating) in accordance with the FPM Manage the contract with the payroll service provider Approve the payment of salaries 	<ul style="list-style-type: none"> Ensure internal controls are designed to operate (and are operating) in accordance with the FPM 	<ul style="list-style-type: none"> The EH/HT will authorise pay claim or expense claim forms for all other staff at their school. The CEO will approve staff expense claims for all Team Leads and the Chair of Trust Board will approve these for the CEO

Activity	Board of Directors (BoD)		CEO	CFO/DCFO/Estates Manager (EM)	School Based Finance Staff	Exec HT's/HT/Others
		Finance & Audit Functions				
Fixed assets	<ul style="list-style-type: none"> • Authorise disposal of surplus assets with original purchase value > £5k 	<ul style="list-style-type: none"> • Receiving report from ICT Network Manager on asset inventory check • For any capital schemes, approve the project management plans • Authorise disposal of surplus assets with original purchase value < £5k 	<ul style="list-style-type: none"> • For any capital schemes, approve the project management plans prepared by the Estates Manager. 	<ul style="list-style-type: none"> • Ensure internal controls are designed to operate (and are operating) in accordance with the FPM • For any capital schemes, prepare detailed project management plans 	<ul style="list-style-type: none"> • Ensure internal controls are designed to operate (and are operating) in accordance with the FPM 	<ul style="list-style-type: none"> • Work closely with the Estates Manager for procurement and advice regarding all capital projects (funded by capital or revenue spend).
Bank and cash			<ul style="list-style-type: none"> • Sign cheques/BACS in accordance with bank mandate 	<ul style="list-style-type: none"> • Ensure internal controls are designed to operate (and are operating) in accordance with the FPM • Sign cheques/BACS in accordance with bank mandate 	<ul style="list-style-type: none"> • Ensure internal controls are designed to operate (and are operating) in accordance with the FPM 	
Accounts and audit	<ul style="list-style-type: none"> • Appoint Internal Auditor (IA) role • Appoint External Auditors (EA) • Approve annual accounts(a) 	<ul style="list-style-type: none"> • Undertake audit committee role*, including receiving reports from RO/ IA • Review annual accounts (a) 	<ul style="list-style-type: none"> • Oversee the Chief Finance Officer, in connection with accounts and audit arrangements 	<ul style="list-style-type: none"> • Prepare annual accounts (a) (with assistance from EA & DCFO) • Prepare AAR with assistance from EA & DCFO • Produce information needed by EA (a) 	<ul style="list-style-type: none"> • Support central finance team with financial information for the EA. 	

10.1. Summary of Financial Authorisation Levels

The authorisation levels should be reviewed against the LGB terms of reference and amended for any site where the delegated power and duties are different from below, where amendments are made this needs to be approved by the Board of Directors

Delegated Duty	Value	Delegated Authority	Method
Ordering Goods and Services	IRIS Approval Limits per order	<ul style="list-style-type: none"> IRIS Approval Limits: Exec HT/HT Up to £999.00 DCFO, TMA & EL Up to £9,999 SFO's Up to £9,999 CFO Up to £19,999.00 CEO Up to £29,999.00 FC/Trust Board Above £30,000.00 	
	Contract with annual value	<ul style="list-style-type: none"> Exec HT/HT/ Up to £999.00 DCFO Up to £9,999.00 CFO Up to £19,999.00 CEO Up to £29,999.00 FC/Trust Board Above £30,000.00 	
	Authority to accept other than lowest quotation from £1,000 -£29,999	<ul style="list-style-type: none"> Exec HT/HT/DCFO Up to £999.00 CFO Up to £19,999.00 CEO Up to £29,999.00 FC/Trust Board Above £30,000.00 	Evidence of value for money exhibited and may be requested by EA at year end.
Staff training/courses	All staff training/courses over £200, to be linked to performance management targets and must be approved in advance by the member of staff's line manager before being booked	<ul style="list-style-type: none"> Teaching/Support Staff Approved by Exec HT/HT Exec HT/HT Approved by CEO Central Team Approved by CEO 	
Signatories for cheques, BACS payment authorisations and other bank transfers	All amounts	<ul style="list-style-type: none"> Any two authorised signatories 	Before payment is processed and authorised all invoices should be correctly authorised for payment.

Delegated Duty	Value	Delegated Authority	Method
Signatories for ESFA grant claims and ESFA returns	Any	<ul style="list-style-type: none"> Two signatories (or as required by ESFA) from: Chief Finance Officer CEO/EH Nominated Director 	
Budgetary changes	Within delegated budget (in year balanced budget) and adhering to requirements of Scheme of Delegation	<ul style="list-style-type: none"> EH/HT 	
	Bid from Reserves up to £30,000	<ul style="list-style-type: none"> CEO AND Chair of FC jointly approve and reports/minutes to FC 	
	Bid from Reserves above £30,001	<ul style="list-style-type: none"> FC/Board of Directors 	
Disposal of assets	Assets which cost over £2,500	<ul style="list-style-type: none"> Board of Directors 	
Write-off of bad debts	Up to £1,000	<ul style="list-style-type: none"> CFO and reports to CEO & FC 	
	Over £1,001	<ul style="list-style-type: none"> As above plus Board of Directors 	
Purchase or sale of any freehold or leasehold property	Any	<ul style="list-style-type: none"> ESFA approval required 	
Granting or take up of any leasehold or tenancy agreement exceeding three years	Any	<ul style="list-style-type: none"> ESFA approval required 	
Raising invoices to collect income e.g. lettings	Any	<ul style="list-style-type: none"> Central Finance Team 	SBM's to complete invoice request form with details and send to central finance team to raise
Collecting Pupil Income e.g., uniform, nursery fees, dinner monies	Any	<ul style="list-style-type: none"> SBM/Office Manager 	School Cashless system where used or paypoint or direct to school. Zero tolerance on debt
Monitoring Pupil Income e.g. uniform, nursery fees, dinner monies Grants -- PTSA	Any	<ul style="list-style-type: none"> Deputy CFO where reforecasting undertaken by Central Finance Team PTSA DPTSA/DDPTSA/PTSA administrators 	Use of information available from secure access Key 2 Success, liaising nursery staff regarding pupil numbers, trip monitoring forms and cashless/cash collection records.
Delegated Duty	Value	Delegated Authority	Method

Emergencies	Where covered through Zurich Insurance Policy Arrangement	<ul style="list-style-type: none"> • Estates Manager (if Estates/Premises related) to be advised and to submit claim on behalf of school/Trust. • ICT Network Manager (if ICT related) to be advised and to submit claim on behalf of school/Trust • For all other claims against the insurance policy, please discuss with CEO/CFO/DCFO as to whether claim to be submitted with excess taken into consideration. • And to inform CFO/CEO – In consultation with the Insurance company 	To ensure all claims are dealt with appropriately, the Estates Manager will submit all premises related claims. Schools can submit insurance claim requests direct to subject to approval listed.
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IRIS Administrators	Kay Mabin	CFO
	Claire Upton	DCFO
	Maddie Wakeham	Trust Management Accountant

11. APPENDIX B – KEY FINANCIAL CONTROLS CHECKLIST

For full compliance with key financial controls, at the date of signing off the annual report and accounts, items on the following checklist will have been reviewed by the CFO to give the CEO assurance when signing off the annual statement on governance, regularity, propriety and compliance.

The Learning Academies Trust- Key Financial Controls Checklist for the period.....														
Key Control	Who does	Annual	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Initial and Date in box														
Planning, Risk Management and entity level internal control														
Confirm familiar with latest version of ATH	CEO/EH													
	Chair of BD													
	CFO													
Confirm bank accounts and financial records are being operated by more than one person	BoD													
Confirm written scheme of delegation in place	BoD													
Confirm level of finance expertise in AO and CFO is acceptable	BoD													
Update and review risk register	CFO													
	BoD													

The Learning Academies Trust- Key Financial Controls Checklist for the period.....

Key Control	Who does	Annual	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Ensure insurance arrangements adequate and monitor	BoD													
Prepare and review contingency & business continuity plan	CFO													
	BoD													
Confirm effective segregation of duties and review	CFO													
	BoD													
Confirm effective segregation of duties and review	CFO													
	BoD													
Confirm FPM is up to date and reflects current ATH requirements	CFO													
Budgetary Control														
Strategic plan updated and approved	BOD													
Approve annual budget	BoD													
Receive reports from CFO	BoD													
Monitor budgetary control	BoD													
Prepare Financial reports and monitor against budget	CFO													
Prepare cash flow forecasts	CFO/AT													
Review budget monitoring reports and forecasts	EH													
	BoD													
Accounting Internal Control														

The Learning Academies Trust- Key Financial Controls Checklist for the period.....

Key Control	Who does	Annual	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Nominal Ledger/accounting system														
Review system security arrangements and report to BoD, who approve	CFO													
	BoD													
Review internal controls to ensure they are designed to operate in accordance with FPM	CFO													
	SBM													
Monitor use of restricted funds	CFO													
	BoD													
Grant income														
Check and confirm that all grant income due has been received	CFO and SBM													
Other income and debtors														
Confirm that all staff involved in the invoicing or collection of income have confirmed that they have read and understood the FPM	CFO													
Purchases, payments and creditors														
Confirm that all staff involved in purchasing and payments have confirmed that they have read and understood the FPM	CFO													
Payroll														

The Learning Academies Trust- Key Financial Controls Checklist for the period.....

Key Control	Who does	Annual	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Approve personnel establishment	BoD													
Confirm that all staff involved in payroll processing have confirmed that they have read and understood the FPM	CFO													
Approve monthly payroll summary	CFO													
	CEO													
For each employee, agree pay per payroll system to employee contracts of employment	CFO/HR ADMIN													
Fixed assets														
For capital schemes, prepare and approve project management	CFO/CEO/ Estates Manager													
	EH													
	BoD													
Report on asset inventory check and monitor	SBM													
	BoD													
Bank and Cash														
Review and approve bank reconciliation completed	CFO and CEO													

The Learning Academies Trust- Key Financial Controls Checklist for the period.....

Key Control	Who does	Annual	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Confirm that all staff involved in bank and cash processes have confirmed that they have read and understood the FPM	CFO													
Proper and regular use of public funds														
Register of Trustees' interests updated	Clerk Trust Board													
Identify, report and adopt the required procedures in connections with any abnormal transactions, as defined in Section 4 above and report to GB	CFO													
	CEO/EH													
Formulate plans for the use of surplus funds (GAG and other restricted), including reserves policy	CEO/FC/CFO													
	BoD													
Annual accounts and audit														
Review reports of Internal Audit	FC/AC/BoD													
Review annual accounts and receive reports from External Auditor	FC/AC/BoD and members													

12. APPENDIX C – FINANCIAL RISK REGISTER

The Learning Academies Trust maintains one Risk Register which is reviewed 3 times a year by the Audit Committee. All financial risks to the Trust will be detailed on this register and monitored and reviewed. Any financial risks identified above the agreed reporting level will be reported to the Trust Board.

13. APPENDIX D – INTERNAL AUDIT/CONTROLS ASSURANCE PROGRAMME

The programme below forms the basis of the LAT's programme of internal audit/control checks performed by LAT's appointed Internal Auditor.

Controls Assurance Programme		
Test	Finding	Recommendations
<p>Programme of work</p> <p>1. This programme covers the following system areas:</p> <ul style="list-style-type: none"> • Income • Purchases and Payment • Payroll • Nominal ledger and management reporting • Risk Register • Governance • Trust efficiency <p>2. The programme needs to be designed so that the work is spread across the year. This can be organised quarterly or termly. Unless it is specified below that a test has to be completed on each IA visit, the tests set out need to be performed once in each financial year. This will require a work plan splitting the work between planned visits. Additional areas for review will be instructed by the CFO, Audit Committee or Chair of the BoD prior to commencement.</p> <p>3. Following each IA visit, a report must be prepared and submitted to the Audit Committee. This report can comprise the completed portion of the programme below together with any additional narrative deemed necessary by the IA. To assist the Audit Committee, this could include a brief summary of the FPM controls relevant to the area(s) subject to IA review.</p> <p>4. <u>Before the IA (or equivalent) embarks on the completion of this work, it is essential that they familiarise themselves with the procedures set out in the FPM covering the areas they are reviewing</u></p>		

Income	Findings	Recommendations
<p>Grant income – review the grant income accounts in the nominal ledger and check that monitoring of that income from grants is in accordance with the FPM</p>		
<p>Miscellaneous income – obtain from the CFT a list of all sources of miscellaneous income (i.e. income not covered in the grants category above). On a cyclical basis select one income area (e.g. catering, lettings, uniform etc) and check that procedures have been followed in accordance with the FPM.</p>		
Purchases and Payments	Findings	Recommendations
<p>Supplier purchases and payments – select from payments records 5 non-payroll supplier payments and check that:</p> <ul style="list-style-type: none"> • Approval for payment is in accordance with the LAT’s financial procedures and scheme of delegation • The payment is supported by a valid invoice or invoices • The invoice(s) has been matched with a valid, authorised purchase order(s) and there is evidence that this has been checked • Where appropriate, there is evidence that the related goods or service has been received • The related purchase invoice(s) is posted to the correct nominal ledger account. 		
<p>Contracts – at each visit establish from the contracts register if any contracts have been awarded in the period. If so, check that all contracts have been awarded in accordance with the FPM.</p>		
<p>Capital Projects – for all capital projects in progress or completed during the period, review project management documentation to check that procedures have been followed in accordance with the FPM</p>		

Payroll	Findings	Recommendations
Payroll review – review the final payroll print for one month to check that it has been appropriately authorised		
Salaries to contracts – select 5 employees from the payroll and check salary details back to personnel records to confirm that the amount paid is correct		
Payroll changes – check 5 amendments to payroll to ensure appropriately authorised source documentation exists.		
Payroll new starters – check annually all new starters have been allocated the correct continuous start date. (Failure to do so could result in staff being under/overpaid and receiving the incorrect holiday entitlement).		
Staff expenses – check 5 expense claims in each quarter (used for supply teachers, additional hours for staff and travel expenses) to ensure that procedures have been followed in accordance with the FPM		
Nominal ledger and management reporting	Findings	Recommendations
Bank reconciliations - review 3 monthly bank reconciliations to check that the reconciliation works; that there are no old outstanding items; and that there is evidence of review as per the scheme of delegation		
Other reconciliations - Review for one selected month the following control account reconciliations to check that the reconciliations work; that there are no old outstanding items; and that there is evidence of review as per the scheme of delegation:[delete/add as appropriate] <ul style="list-style-type: none"> • Salaries control account/Fund Control • Payroll deductions control account • VAT control account • purchase ledger control account 		

<ul style="list-style-type: none"> Sales ledger control account 		
Tests	Findings	Recommendations
<p>Management reporting – at each visit, check that budgetary control reports / management accounts are prepared as per the financial procedure manual and are reviewed by the CFO/CEO and presented to the Finance & Audit Committee</p>		
<p>Key controls checklist - at each visit, confirm that the CFO is maintaining the Key Controls Checklist and report on any key controls which have not been signed off as completed.</p>		
Risk Register	Findings	Recommendations
<p>Ensure all risks are covered in the risk register. Those risks are reviewed 3 times a year by the Audit Committee and risk scores updated.</p>		
Governance Review	Findings	Recommendations
<p>Ensure an annual governance review is undertaken to cover:</p> <ul style="list-style-type: none"> Governance skills audit Ensure all have the relevant skills, knowledge and behaviours to provide effective governance: <ul style="list-style-type: none"> Strategic leadership Accountability People Skills Trust Structure Compliance Evaluation of working practices Ability to make a positive contribution Check Get Information about Schools (GIAS) is updated within 14 days of any changes Check any changes to Members/Directors are updated within 14 days at Companies House. Check Register of Business Interests and Related Parties is a live document and 		

<p>published on the Trust’s website and complies with the Aacademy Trust Handbook. A link from each school’s website to this document is essential.</p>		
<p>Trust Efficiency Review</p>	<p>Findings</p>	<p>Recommendations</p>
<ul style="list-style-type: none"> • Ensure the Trust’s efficiency is regularly reviewed to ensure: • No duplication of work • Costs to deliver all services represent Value for Money, as per our Master Funding Agreement (4.12 & 4.15) 		

14. APPENDIX E – ABBREVIATIONS

AAR	Annual Accounts Return
AC	Audit Committee
ATH	Academy Trust Handbook
AO	Accounting Officer (CEO/Executive Headteacher)
AT	Academy Trust
BoD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CFT	Central Finance Team
CTB	Clerk to Trust Board
DCFO	Deputy Chief Finance Officer
DDPTSA	Deputy Director PTSA
DHT	Deputy Headteacher
DPTSA	Director PTSA
DfE	Department for Education
EA	External Auditors
EH	Executive Headteacher
EM	Estates Manager
ESFA	Education & Skills Funding Agency
FAC	Finance & Audit Committee
FC	Finance Committee
FPM	Financial Procedures Manual
GRN	Goods Received Note
HOS	Heads of School
HRLBP	HR Lead & Business Partner
IA	Internal Auditors
LAT	Learning Academies Trust
LGB	Local Governing Body
OM	Office Manager
RO	Responsible Officer
SBM	School Business Manager
SRMSAT	School Resource Management – Self Assessment Tool
TFA	Trust Finance Assistant
TMA	Trust Management Accountant
VfM	Value for Money

15. APPENDIX F - MEMORANDUM TO SUPPORT THE SCHEME OF DELEGATION/RECORD OF SIGNATORIES

By signing this Memorandum, you are confirming you have read and understood the Trust's Financial Procedures Manual & Finance policy as it applies to your role and confirming where applicable the authorisation limits as per the scheme of delegation.

Ordering and Payment and HR/Payroll										
	CEO/DEPUTY CEO	CFO/DCFO	Exec HT/ HT	Heads of School	SBM/Office Manager/PTSA	SFO	MA	EL	Trust finance Administrators	HR Lead/HR Admin
The raising of a requisition for goods / services	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Input of requisition to Finance System to create order/ commitment	Y	Y			Y	Y	Y	Y	Y	
Email of order to supplier		Y				Y	Y	Y	Y	
Receiving goods into School		Y	Y	Y	Y	Y	Y	Y	Y	Y
Verification that goods received agrees with delivery note and original order		Y	Y	Y	Y	Y	Y	Y	Y	Y
Upload invoices received for payment into IRIS		Y				Y	Y		Y	
IRIS - approval of purchase invoice POIN or purchase order PORD	Y	Y				Y		Y		
Signing/Auth proposed BACS / cheque run	Y	Y	CB only			Y	Y			
Approval of starter and leaver forms	Y	Y	Y	Y						AB only
Update and/or view Orovia budget planning software		Y				Y	Y		Y	Y
Update Arbor MIS software	Y	Y	Y	Y	Y	Y	Y		Y	Y
Approval of monthly payroll documentation including scale point changes, additional hours and overtime (within delegated budget and approved staffing schedule & Scheme of Delegation)	Y	Y	Y	Y						AB only
Approval of supply staff on supply portal	Y	Y	Y	Y		Y	Y			Y
Authorisation of staff mileage and travel expense claims	Y	Y	Y	Y				Y		AB only
Authorisation of Staff Expenses	Y	Y	Y	Y				Y		AB only
Approval of Multi Pay Charge Card expenditure	Y	Y	Y	Y		Y		Y		AB only

16. APPENDIX G - FINANCE POLICY

16.1. Finance 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 Governing Bodies, 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, Heads of School, the Trust's central finance team and School Business Managers/Office 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 Academies 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 and Skills Funding Authority (ESFA) Academy Trust 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 and other interested parties.
- Maintaining standards as required by the Financial Management and Governance Self-Assessment (FMGS) and Schools Resource
- Management Tool (SRMT) 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 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

16.2. Roles and Responsibilities

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, Heads 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 ESFA 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 staff in Appendix F to authorise spending on any one order and to authorise budgetary adjustments from one budget heading to another up to the sums specified.

Bid from Reserves

The CEO and Chair of the Finance Committee are to **jointly** approve requests for spending up to £30,000 from available free reserves or budget provision. All approved requests will then be approved/minuted at the next finance committee meeting.

The Finance Committee are to approve spending over the sum of **£30,001** on any one order subject to the necessary budget provision being available or request to spend from available Reserves.

Above **£50,000** the approval of the Learning Academies Trust Board will be required.

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 member schools in the extended absence of the CEO.

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

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 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.

Segregation 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.

Separation of duties Matrix (Example)	
Task	Responsible officer
Requisition Form raised	Staff member
Purchase Order Requisition raised in IRIS	SBM/finance Administrator
Purchase Order Authorised	CEO, CFO, Deputy CFO or AT, SFO or EL
GRN on IRIS authorised and Goods and Services checked in	SBM/Office Manager
Payment of invoices	Trust Accounting Technician/ Finance Administrator/Finance Team
Payments/BACs Runs authorised	CFO/DCFO

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;

Personal qualities are essential for all finance staff and must include attention to detail, accuracy, ability to remain confidential and maintain professional relationships with LAT employees at all levels, a team player and promoting the benefits of working together as a Trust;

- 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.

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 ESFA 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 (IR35) guidance.

16.3. Budget Management Procedures

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 Deputy CFO and/or School Business Manager and supported by the Chief Finance Officer (CFO) and Deputy Chief Finance Officer. Budgets will then go to the CEO for approval by the Learning Academies Trust Finance Committee and then 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.

Contingencies / Reserves

Please refer to the current Reserves policy.

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 ESFA coding structure. 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 ESFA by the due date.

Budget Management

The School Business Manager's with the support of the CFO and DCFO 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 & the DCFO will provide the following:

- regular monthly reforecast reports using the Learning Academies Trust reporting system to the CFO, Headteacher/Executive Headteacher;

As a minimum standard the Finance Committee and Trust Board of the Learning Academies Trust can expect to see:

- Monthly Cash Flow statement
- Balance Sheet
- Income and Expenditure Statement by Fund Type (SOFA)
- Key Performance Indicators (KPI's)
- Management Report to show the variance between budget and actuals for the Trust as a whole .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 CFO 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.

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 Staff with spending approval limits must operate within the same objectives and controls as those agreed for the school as a whole. Delegated Staff with spending approval limits within the school will be provided with sufficient information to enable them to perform adequate monitoring and control. Such Staff with spending approval limits 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.

Value Added Tax (VAT)

Under VAT 126 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.

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 will submit one central VAT claim on behalf of the whole Trust on a monthly basis. 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.

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.

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.

Value for Money

Please refer to Section 3.4

Orders for Goods and Services

Please refer to the Financial Procedures Manual

Non-order invoices are not permitted unless in exceptional circumstances and should be discouraged wherever possible. The amount of non-order invoices will be monitored by the DCFO and will be shared with the HT and SBM's at each school on a bi-monthly basis.

Goods returned

Each school must monitor returned goods. This procedure ensures that replacements or credits are received for all returns.

Payment of Accounts

Invoices will only be paid on receipt of a GRN in the accounting system when goods & 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.

Petty Cash

The Learning Academies Trust does not hold petty cash.

All requests for reimbursement of staff expenses will be made following approval via the weekly BACS run direct to staff's own bank accounts and a credit advice note will be emailed to their email address held on file.

Multi Pay Cards

The Multi Pay 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. Cards should be used for **emergency use only** and not day to day ordering as purchase orders should be raised and approved by the Headteacher in the normal manner. This is to ensure Value for Money (VfM) rules are followed at all times.

Spend on the following areas is considered appropriate (for example):

- Train/tube travel
- Paying for subsistence if away on a course i.e. paying for evening meal

The CFO will approve any applications for additional Cardholders and associated limits and these will be regularly reviewed to ensure consistency across the Trust.

For all card purchases, the SBM/Office Manager/PTSA should submit to the central finance team an approved/signed copy of the excel IRIS journal spreadsheet on a monthly basis. 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 / held personally at all times. Cardholders are solely responsible for their own cards and **must not hand their card to another person to buy services or goods.**

A list of current cardholders in the Trust are available from our online, Lloyds Bank Multi Pay programme.

Banking with Lloyds Commercial Online

In certain circumstances it is deemed appropriate to make a payment directly through Lloyds Commercial 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.

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, LGB Governors/Trustees/LGB's or staff. They will also avoid accepting excessive hospitality, entertainment, or other services from existing or prospective suppliers.

16.4. Income and Sundry Debtors

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 contact the Central Finance Team to set up the sales account who will then raise the sales invoice, kept together with the appropriate supporting documentation. The invoice will clearly detail the service or goods provided, the settlement date and the payment required. The SBM's will then be responsible to monitoring all aged Debtors.

Cash and cheques collected will be kept secure until the time of banking, in a locked drawer or safe. Care should be taken as to the cash cover provided by the insurers depending on the method of storage. 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.

Cashless Systems

The SBM's/Office Managers are responsible for maintaining the accuracy of the cashless system in the school and ensuring payments are made promptly, debt issues are addressed and monitoring e.g. school trips are managed effectively.

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

Outstanding	Required action- Normal Trust Operations
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.

Outstanding	Required action- Dinner Debt
Day 7	Outstanding dinner debt. Debt 1 letter issued to parent/carers who has 14 days to clear debt
Day 21	If debt is still outstanding, liaise with HT as to whether to re-chase for a further 14 days or instruct our Trust solicitors to issue a 'Letter before Action' which is a pre-requisite to taking the parent/carers to the Small Claims Court for payment of dinner debt. CEO & CFO to be advised of any such referrals
	If debt is still outstanding through either method, the CFO can write off the debt (amounts as per this policy) and to be reported to CEO/FC/AC and Trust Board. This guidance is in accordance with our debt policy.

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/PTSA must liaise with the CFO in order for any debts to be written off. The CFO is permitted to write off the debt and formally inform the CEO & Finance Committee at their next meeting for any amounts up to £1,000.

The decision to recover a debt above £250 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 are written off and all must be minuted. 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 and the impact of bad press affecting the Trust.

Charging and Remission of Fees

The Finance Committee will review the charging and remission policy at least every three years and will be based on the guidance issued by the DfE and the Learning Academies Trust.

Banking Arrangements

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

Opening of Bank & Building Society accounts

The Learning Academies Trust operates a single bank account for all 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 ESFA funding into this designated account, in accordance with ESFA Tranche funding arrangements and our own Learning Academies Trust MAT procedures. The setting up and opening of all accounts will be managed by the Chief Finance Officer, and schools may not transfer official funds to any other account without the express authority of the Learning Academies Trust Chief Finance Officer. 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.

Deposits

Schools and PTSA should ensure that particulars of any deposit are entered in a Lloyds paying in 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.
- Additional paying in books are available from the central finance team on request.

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.

The Central Finance Team 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 in accordance with the bank mandate.

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. Bank details will be checked by the CFT before payments are released to the beneficiary.

Reconciliation of Bank Accounts

Statements must be reviewed, imported into IRIS Financials and formally reconciled to the accounting system at least monthly. The reconciliation report must be retained on file with outstanding unreconciled debits and credits shown on the report.

Statements must be checked to ensure:

- All expenditure items – BACS payments, Cheques, Staff Expenses payments, Multi Pay 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 CFO.

Investments Strategy

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

The CFO will undertake detailed research before investing any funds in high interest accounts, and consult with the Learning Academies Trust Chief Executive Officer. The Trust 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 savings and investment arrangements will be reported at least annually to the Trust Board.

17. SECURITY OF ASSETS

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.

Insurance

The DCFO 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 Finance Committee, the CFO 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 CEO & CFO 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 as well as the Estates Lead.

Computer Systems

The CEO recognise the importance of protecting computerised financial management systems and the data held therein. The Data Protection Officer (DPO) will ensure that the School is registered in accordance with the Data Protection Act 1998 & GDPR 2018.

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

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.

- Cheque books
- Paying-in Books

Security of Stocks and Other Property

The Headteacher/Executive Headteacher/Director PTSA 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, cards and cash.

The SBM's/Office Manager's/PTSA will ensure that a register of assets / inventory is maintained in accordance with the provisions of the DfE Academy Trust 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 ESFA, 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.

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.

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 Exec HT/Headteacher. The income realised from the sale of assets will be retained by the school making the original purchase.

1. Items expected to realise up to £100 will be advertised to parents/employees via school notice board.
2. 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.
3. 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 Trusts' Chief Finance Officer.

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

School Funds/Private funds

As an Academy, all funds – official and unofficial – are accountable to the ESFA 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.

17.1. GENERAL

Governors/Trustees/LGB's' Expenses

Refer to Governor's expenses policy.

Register of Business Interests

The Trust Board, Members, LGB Governors/Trustees/LGB's, PTSA staff 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/Trustees/Members/LGB's and staff with an influence over spending decisions. The register should be made available for inspection on the Learning Academies Trust website. (Appendix B).

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 Trust's Governance Professional must maintain a register of pecuniary / business interest forms for each member of the LGB/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 LGB/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.

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 as 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 over the value of £20. The completed register will be requested annually for audit purposes.

18. APPENDICES TO FINANCE POLICY

18.1. APPENDIX A – Employment Status – Employed or Self-Employed – IR35 check?

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

19. APPENDIX B – RELATED PARTIES AND DECLARATION OF BUSINESS INTEREST FORM

19.1. Related Parties and Business Interest Form.

Definitions per FRS 102

Related party

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this definition referred to as the 'reporting entity').

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i) Has control or joint control over the reporting entity;
 - ii) Has significant influence over the reporting entity; or
 - iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii) Both entities are joint ventures of the same third party.
 - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v) The entity is a retirement benefit scheme for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a scheme, the sponsoring employers are also related to the reporting entity.
 - vi) The entity is controlled or jointly controlled by a person identified in (a).
 - vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- 1) that person's children and spouse or domestic partner;
- 2) children of that person's spouse or domestic partner; and
- 3) dependants of that person or that person's spouse or domestic partner.

Control

The ability to direct the financial and operating policies of an entity with a view to gaining economic benefits from its activities.

Key management personnel

Those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

Related party transaction

The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a price is charged.

Definitions per the Charities SORP

Related parties is a term used by the SORP that combines the requirements of charity law, company law and the Financial Reporting Standard in the UK and Republic of Ireland. The term is used to identify those persons or entities that are closely connected to the reporting charity or its trustees.

The following 'natural persons' are classed as related parties:

- 1) any charity trustee and custodian trustee of the charity;
- 2) a person who is the donor of any land to the charity (whether the gift was made on or after the establishment of the charity); and
- 3) any person who is:
 - a) a child, parent, grandchild, grandparent, brother or sister of any such trustee (A) or donor (B) of land;
 - b) an officer, agent of a member of the key management personnel of the charity;
 - c) the spouse or civil partner of any of the above persons (A, B, C1 and C2);
 - d) carrying on business in partnership with any of the above persons (A, B, C1, C2 and C3);
 - e) a person, or a close member of that person's family, who has control or joint control over the reporting charity;
 - f) a person, or a close member of that person's family, who has significant influence over the reporting charity;

'Close member of a person's family' refers to:

- that person's children or spouse;
- the children, stepchildren or illegitimate children of that person's spouse or domestic partner;
- dependents of that person; and
- that person's domestic partner who lives with as husband or wife or in an equivalent same-sex relationship.

A charity is not necessarily related to another charity simply because a particular person happens to be a trustee of both. It will only be 'related' if the relationship means that one charity, in furthering its charitable aims, is under the direction or control of the trustees of another charity.

The following entities which are not 'natural persons' are classed as related parties of a reporting entity (including a reporting charity) if any of the following conditions apply:

- the entity and the reporting charity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- one entity is an associate or joint venture of the other entity (or a member of the group in which the other entity is the parent or a member);
- both entities are joint ventures of the same third entity;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;
- an entity that is controlled or jointly controlled by a person, or two or more persons, identified in A, B or C;
- an entity in which a person, or two or more such persons, identified in A, B or C, taken together, have a substantial interest or a significant interest or significant influence over the entity;

Control is presumed to exist when one or more persons identified in A, B or C, taken alone or together, hold directly or indirectly, more than half the voting power of an entity. However, control can also exist when they, directly or indirectly, control half or less than half of the voting power of an entity, if they have:

- power over more than half of the voting rights by virtue of agreement with other investors;
- the power to govern the financial and operating policies of the entity under a statute or an agreement;
- the power to appoint or remove the majority of the members of the board of directors or equivalent governing body, and control of the entity is by that board or body; or

- the power to cast the majority of votes at the meeting of the board of directors or equivalent governing body, and control of the entity is by that board or body.

An individual has a substantial or significant interest in an entity where that person, or two or more persons identified in A, B or C, taken together, have an interest in the equity share capital, or is entitled to exercise, or control the exercise of, more than one-fifth of the voting power any general meeting of that entity.

Control (of an entity) is the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. For example, a charity may exercise control over a subsidiary in order to raise funds for the charity through trading activities or as a vehicle to carry out the charity’s aims.

Key management personnel is a term used by FRS 102 for those persons having authority and responsibility for planning, directing, and controlling the activities of the charity, directly or indirectly, including any Director (whether executive or otherwise) of the charity. This definition includes trustees and those members of staff who are the senior management personnel to whom the trustees have delegated significant authority or responsibility in the day-to-day running of the charity.

Related party transactions are the transfer of resources, services or obligations between related parties regardless of whether a price is charged.

20. FINANCIAL PROCEDURES MANUAL (FPM) & FINANCE POLICY LEARNING ACADEMIES TRUST

20.1. Related Parties & Business Interest Form

This form should be completed as a minimum, by each Trustee and member of key management personnel.

Please duplicate additional copies as required and complete the below. Alternatively, we can email this template to you separately, please let us know if you would like us to do this.

Learning Academies Trust	
Name:	
Position in the Trust	

Please list out your related party Relationships within the table below. Please summarise any transactions with the Trust during the period or confirm that there have been none in the period.

Name of Related Party	Nature of the interest (e.g % Shareholder, director, trustee)	Nature of the business	Date of interest began	Summary of Transactions during the period or confirm if none:
<i>Example- XYZ Co Limited</i>	<i>Director and 50% shareholder</i>	<i>Marketing agency</i>	<i>Appointment date to the Trust, 01.03.2021</i>	<i>Marketing services provided to the Trust. Total sales in the year of £25,000. Related party transaction managed in line with the ATH.</i>

Please list out your close family, as defined in Appendix 2, and their relationship to you. Please summarise their related party relationship (or confirm that there are none) within the table below. Please summarise any transactions between the related party and/or their interests with the Trust during the period; or confirm that there have been none in the period.

Close family name and relationship to you	Name of related party	Nature of the interest (i.e. % shareholder, director, trustee)	Nature of the business	Date the interest began	Summary of Transactions during the period or confirm if none:
<i>Example Mr L Eagle, Brother</i>	<i>Legal Eagles LLP</i>	<i>Mr L Eagle is a partner with 30% interest in the partnership</i>	<i>Legal and HR advisors</i>	<i>Partnership formed 30.04.2021</i>	<i>No transactions in the year</i>

Notes:

- If there are no entries to be made in a table, please mark “none to all” on the first row.
- If any of the information in this form is unknown or uncertain, please indicate this, and give an indication of when the information will be made available or will have been verified at the audit date so that the audit team can follow up on this.
- If you have any queries in completing this form, please contact the audit team.

I confirm that the above is a complete and accurate record of my business and related interests.

These details have been provided in order to assist in the compilation of the related party transaction disclosures in the year end statutory accounts. Where there have been no material transactions with any of my business interests, no disclosure is required.

I will make The Trust aware of any changes with regard to the above.

Signed	
Date	