



Leeds Diocesan Learning Trust (LDLT)

Company Number 13687278

Finance Policy

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Vision Statement

Serving and celebrating our unique schools and communities, we will love, live and learn together. Valuing our pupils, staff, governors and team as people of God, we will deliver transformational learning and the flourishing of all.

Other Related Policies

- Whistleblowing Policy
- Risk Management Policy
- Directors' and Governors' Code of Conduct
- Anti-Fraud and Anti-Corruption Policy
- Pay Policy
- Staff Expenses Policy

1. Introduction

The purpose of this document is to ensure that the Leeds Diocesan Learning Trust (LDLT) maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreements with the Education & Skills Funding Agency (ESFA).

Each academy within LDLT must comply with the principles of financial control outlined in the academy's guidance published by the ESFA in the Academy Funding Agreement and the Academies Trust Handbook.

LDLT will ensure all staff, including the Accounting Officer, the Trust Chief Financial Officer, Headteachers/Principals, Business Managers, and the Finance/Admin Assistants and/or Officers, who deal with financial matters, are trained in the appropriate financial procedures. LDLT's Finance and Resource Committee (FARC), a sub-group of the LDLT Board, will be responsible for reviewing all controls and procedures of financial systems operating within the Trust.

Leeds Diocesan Learning Trust is a Multi Academy Trust (the Trust). The Trust is a company limited by guarantee with charitable status and is governed by a Board of Directors. The membership and the main responsibilities of the Board are set out in the written terms of reference.

The Directors have opted to establish separate committees to be known as Local Academy Councils (LACs) for each academy and will ensure that, where possible, each LAC shall include at least two elected representatives of the parents of students attending the relevant academy.

2. Principles

Each Local Academy Council and the Board of Directors will manage their affairs in accordance with the high standards detailed in 'Guidance on Codes of Practice for Board Members of Public Bodies' and in line with the seven principles of public life.

Selflessness

Holders of public office should take decisions solely in terms of the public interest.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance or their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merits.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interests clearly demand.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests.

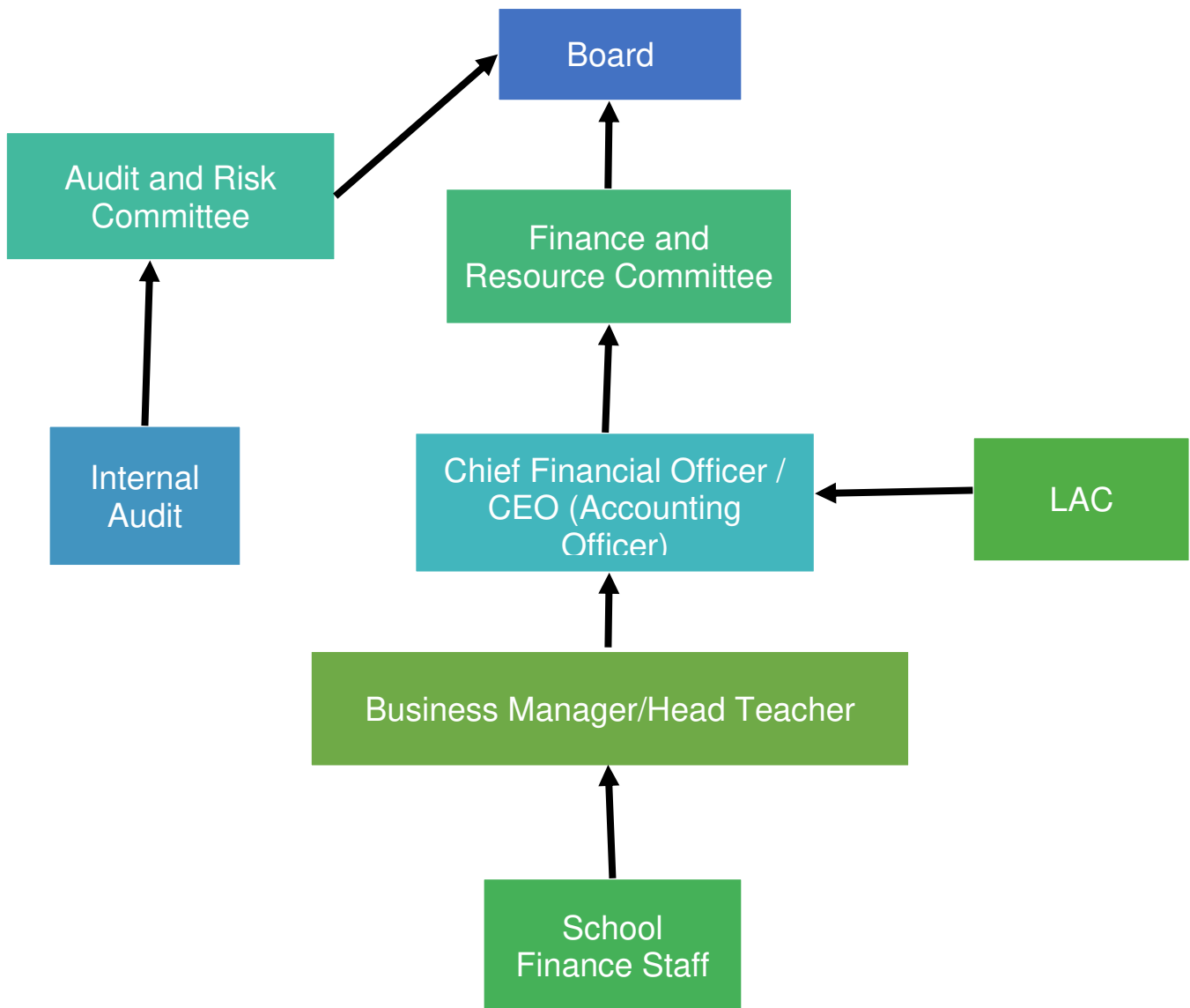
Leadership

Holders of public office should promote and support these principles by leadership and example.

3. Organisation and Responsibilities

The Board of Directors have defined the responsibilities of each person involved in the administration of the Trust's finances to avoid the duplication or omission of functions and provide a framework of accountability for the LAC and staff.

Reporting Structure



3.1. Finance and Resource Committee

This committee has overall responsibility for administration of the Trust's finances, with main financial responsibilities detailed in the Funding Agreement between the Trust, Academy and the DfE.

The main responsibilities include:

- Ensure the GAG from the DfE and other Restricted funding is used for the purposes intended .
- Ensure a Scheme of Delegation is in place.

- Ensure stewardship of assets.
- Ensure accurate accounting records are maintained.
- Ensure the budget monitoring is maintained, and are a true and accurate record of income and expenditure.
- Ensure policies are kept up to date.
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies.
- Authorising the award of contracts up to the amount stated in the Financial Scheme of Delegation (Appendix 1).
- Scrutinise the 3-year budgets.
- Reviews pay-setting for the central team and headteachers of the academies. The committee reviews all recommendations which ensures a robust evidence-based process.

3.2. Audit and Risk Committee

Reviewing the reports of the Internal Auditor on the compliance of the financial procedures and controls.

The main responsibilities include:

- Ensure regularity, propriety, and value-for-money in relation to the management of public funds.
- Annual letters to the Accounting Officer from ESFA regarding the Accountability Framework are discussed by the Board.
- To consider and sign the ESFA's School Resource Management Self-Assessment tool.
- Publish on the Trust website, financial documents in line with the Academies Trust Handbook.

3.3. Board of Directors

In addition to tasks held by the Board and mentioned above, Directors are responsible for the following:

- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies.
- Approving the annual statutory accounts.
- Approval of the annual budget and any changes via re-forecast during the year e.g. BFRO.

3.4. Chief Executive Officer – Accounting Officer

The Chief Executive Office (CEO) has overall executive responsibility for the Academies under the MAT and is the named Accounting Officer for each academy. The CEO retains responsibilities for:

- Approving new staff appointments for headteachers within the authorised establishment (after agreement has been sought from the LAC for recruitment to occur).
- Authorising contracts within the limits set in the Financial Scheme of Delegation (Appendix 1), reporting these decisions to the Finance and Resource Committee.
- Signing cheques, BACs and faster payments.

- Propriety and regularity of the public finances for which they are answerable. This covers standards of conduct, behaviour and corporate governance.
- Keeping of proper accounts.
- Prudent and economical administration.
- Avoidance of waste and extravagance.
- Ensuring value for money.
- Efficient and effective use of all available resources.
- Management of opportunities and risks.

In practice, much of the financial responsibility is delegated to the Chief Financial Officer, but the CEO still retains responsibility for:

- Approving new staff appointments, outside of the agreed staffing structure and budgets, except for any senior staff posts which the Directors have agreed should be approved by them.
- Authorising orders, contracts and signing cheques/ BACs / releasing payments in conjunction with other authorised signatory in accordance with the Finance Scheme of Delegation.
- Preparing budget plans in conjunction with the Chief Financial Officer in line with ESFA guidelines.
- Implementing expenditure in line with the Trust budget.
- Seeking LDLT approval for purchase orders or contracts in excess of delegated thresholds.
- Submitting reports to the LDLT Board of Directors giving details of income, expenditure, and commitments to date.
- Ensuring any actions resulting from the annual audit are implemented.

3.5. Chief Financial Officer

The Chief Financial Officer (CFO) works in close collaboration with the CEO through whom they are responsible to the Board of Directors. The CFO also has direct access to the Finance and Resource Committee and Audit and Risk Committee. The main responsibilities of the CFO are:

- Day to day management of financial issues including the establishment and operation of a suitable accounting system for the Multi Academy Trusts central budget and individual academies.
- Management of the academy financial position at a strategic and operational level within the framework for financial control determined by the Directors.
- Preparation of budget plans in conjunction with the CEO and Headteachers/Principals.
- The maintenance of effective systems of internal control.
- Stewardship of fixed assets and maintenance of registers.
- Liaising with auditors to ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust.
- The preparation of monthly management accounts, including income and expenditure reports, cash flow forecasts and a balance sheet.
- Ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.
- Additional roles, some of which are not directly finance related, as outlined in the CFO's job description.

- Consideration of Novel, Contentious or Repercussive transactions before they are entered into and reported to ESFA.
- To maintain a register of related party transactions in accordance with the Academies Trust Handbook.
- Ensuring the correct governance is completed for increments of Teachers.

3.6. Role of the Trust Central Finance Team

The duties of the finance team are to provide support for all academies in the following areas:

- Day to day financial transactions.
- Cash and debt collection and reporting.
- Banking and reconciliations.
- Central order and invoice processing PS Financials.
- VAT submissions.
- Posting of petty cash and credit card transactions.
- Income posting.
- Journals and inter-company transactions.

3.7. Local Academy Council - Summary of Responsibilities

- The management of the school is the responsibility of the head and its Local Academy Council, and, to the extent of the delegated powers vested in them, they are committees created by the Trust Board. They may make committees or working groups to carry out specific and detailed work of the LAC.
- Monitor actual financial performance against budgets at every LAC through monthly management accounts.
- The Local Academy Council delegates day to day responsibility for carrying out the policies and decisions of the Local Academy Council and its committees to the Head of School/Headteacher.
- Management and administration duties undertaken by the Headteacher/Principal and the members of the school staff shall be carried out in accordance with the terms of this statement, and within the terms of their contract of employment.
- It is the responsibility of the Local Academy Council to agree an annual budget for the school for submission to LDLT Board which accords with the school's aims and objectives, as set out in the current Academy Improvement Plan, and the legislative responsibilities undertaken by the Local Academy Council. Such agreement should have clear minutes in the LAC and be in sufficient time to allow prompt submission of the plan to ESFA and LDLT Board.

3.8. The Role of the Local Academy Council

The role of the Local Academy Council in academy financial administration is:

- To plan the overall academy budget, including priorities for future expenditure.
- To agree a balanced three-year Budget and submit to the LDLT Board for approval.
- To maintain a register of pecuniary interests for the LAC and staff.
- To maintain a register of gifts and hospitality.
- Review Management accounts compared to budgets.
- Review capital procurement.

- Approve large contractual expenditure in line with the delegated thresholds (Appendix 1).
- Plan the school budget in accordance with the priorities in the Academy Improvement Plan.
- Consider reports from the Headteacher comparing expenditure with budget and to approve virements as necessary.
- Approve recommended teacher pay increments, subject to performance management.
- Ensure LAC register of interests are kept up to date and accurate.
- Operate the governing body's arrangements for obtaining quotations and inviting tenders.
- Submit to the Board any proposed write-offs and disposals of surplus stock and equipment.
- Determine matters relating to building maintenance, health and safety and lettings outside school hours in accordance with the LAC's delegated responsibilities.
- Determine matters relating to academy security.
- The Chair of the Committee shall ensure that minutes are signed at the next meeting to confirm that they are accurate. Copies of the agenda, the approved minutes (subject to confidentiality exclusions), and papers for each meeting should be made available at the school for anyone to read.

3.9. The Role of the Headteacher/Executive Headteacher/Head of School/Principal

The day-to-day operation of the budget is delegated to the Headteacher/Principal, who will be responsible for:

- Approving the monthly payroll changes e.g., overtime, new TLRs, change of hours.
- Approving salary reports (Payroll Report) and the BPS payroll reconciliation and signing and dating these to confirm they are accurate and noting any queries.
- Preparing the academy improvement plan and academy budget in accordance with priorities agreed by the LAC and submission of these plans to the governing body for approval.
- Managing internal control systems and internal financial transactions in accordance with LDLT's Financial Procedures, specifically approval of invoices and payment lists.
- Maintaining adequate financial records in accordance with Academies Trust Handbook.
- Providing a monthly management accounts report to every LAC. This should report any variations in expenditure against the approved budget plan and be signed by the Headteacher/Principal.
- Approving Procurement Card purchases.
- Ensuring that returns to LDLT are submitted according to published deadlines.
- Ensuring that all capital expenditure is approved in accordance with LDLT's Financials Procedures.
- Checking that the academy asset register is maintained as accurately and up to date as possible and ensuring that an independent check of the asset register is made at least once a year and reported to the CFO.
- Recommending to LACs, equipment to be written off or disposed of. Ensuring that disposal of such equipment is adequately recorded in the LAC's minutes and that the disposal of assets is conducted in an open manner and where income generated from

disposal is maximised. Ensuring that stolen items are reported to the CFO and LAC before formal approval to delete that item from the asset register.

- Ensuring that adequate procedures are in place for the prompt security marking of all items of a portable and desirable nature.
- Ensure that adequate controls are in place to ensure that all responsibilities delegated are monitored.
- Maintain a central file of all submitted applications for grant funding and counter sign and submissions for audit purposes.
- Keeping up to date with LDLT policies and ensuring that compliance maintained.
- Ensuring that HMRC tax compliance is maintained.
- Ensuring that ESFA guidelines are not breached through following the latest ATH.
- Report on surplus balances greater than 10% to the LAC and FARC.
- Any deficit position triggers a “Deficit Recovery Plan” that is reported to the CFO and the FARC.

3.10. The Role of the Business Manager/Finance Staff

Subject to and in accordance with individual job descriptions the Headteacher/Principal may delegate financial procedures to the academy Business Manager or finance and administration staff. The roles include:

- Submitting pay adjustments to payroll as appropriate.
- Prompt and intact banking of income and associated recording of income in accordance the Academies Trust Handbook.
- Assisting in the maintenance of an accurate asset register and associated security procedures.
- Submitting month end reports and information to the central finance team before the deadline.

4. Delegated Authority

The delegated authority is shown in Appendix 1. This template shows the authority thresholds from the Board, Finance and Resource Committee, LACs, Chair of Directors, CEO, CFO, Business Manager.

5. Register of Interests/Related Parties

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all members, directors, LACs, and staff who can influence financial decisions, or spending powers, are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. There is a requirement to maintain a register of related party transactions in accordance with the Academies Trust Handbook on the ESFA portal.

All employees should refer to the Effectively Managing Related Parties Policy if there are potential RPTs (Related Party Transactions).

6. Process for Scrutiny

Every Trust must have in place a process for independent checking of financial controls, systems, transactions, and risks.

LDLT Audit and Risk Committee will oversee the process for independent checking of financial controls, systems, transactions, and risks which the CFO will lead on.

The committee will review the risks to internal financial control at LDLT and agree an annual programme of work that will address these risks, inform the statement of internal control and so far as is possible, provide assurance to the external auditors.

6.1. Investigation of Fraud and Irregularity

The personal responsibilities of accounting officer responsibilities extend to the prevention of loss through fraud and irregularity. However, in addition to the accounting officer's responsibilities, the members of LDLT are also responsible for preventing such losses of public funds, and this means that members, directors, and LAC members must be aware of the risk of fraud and irregularity to occur within their organisations, and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. LDLT is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified.

All instances of fraud or theft committed against the Trust, whether by employees or LACs or third parties, above £5,000 must be reported by the Trust to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.

The ESFA reserves the right to conduct or commission its own investigation into actual or potential fraud, theft, or irregularity in any academy either as the result of a formal notification from the Trust itself or as the result of other information received.

The ESFA has provided "fraud indicators" that can identify risks of fraud. This list can be used by all staff to see high risk areas where fraud could occur (see Anti-Fraud & Anti-Corruption Policy).

6.2. Appointment of External Auditors

Under the Companies Act 2006, Trusts must appoint an auditor to give an opinion on whether their annual accounts present a true and fair view of the trust's financial performance and position.

The appointment of external auditors is by the Members, other than where the Companies Act permits the directors to appoint – for example for the Trust's first period of account).

Trusts should retender their external audit contract at least every five years and the Audit and Risk Committee must consider the relevant points when evaluating:

- Review the external auditor's plan each year.
- Review the annual report and accounts.
- Review the auditor's findings and actions taken by the trust's managers in response to those findings.
- Assess the effectiveness and resources of the external auditor to provide a basis for decisions by the trust's members about the auditor's reappointment or dismissal or retendering. Considerations may include:

- the auditor's sector expertise
 - their understanding of the trust and its activities
 - whether the audit process allows issues to be raised on a timely basis at the appropriate level the quality of auditor comments and recommendations in relation to key areas
 - the personal authority, knowledge and integrity of the audit partners and their staff to interact effectively with, and robustly challenge, the trust's managers
 - the auditor's use of technology.
- Produce an annual report of the committee's conclusions to advise the Board of Directors and members, including recommendations on the reappointment or dismissal or retendering of the external auditor, and their remuneration.

The audit contract, and regularity engagement, must be in writing and must not cover other services. If additional services are purchased, a separate letter of engagement must be obtained specifying the work and the fee. Trusts should note that auditors are subject to the Financial Reporting Council's Ethical Standard which aims to strengthen auditor independence and prevent conflict of interest where additional services are provided to a client.

The letter of engagement must allow for removal of auditors, before the expiry of the term of office, in exceptional circumstances. Proposals to remove auditors must require a majority vote of the members who must provide reasons for their decision to the board. There must be a requirement in the letter of engagement for the auditors to provide the trust with an explanation if the auditors resign, within 14 calendar days of their resignation.

The Board of Directors must notify ESFA immediately of the removal or resignation of the auditors. For removal, the trust must notify ESFA of the reasons, copying to ESFA any statement received from the auditor on this matter. For resignation, the trust must copy to ESFA an explanation from the auditors.

7. Accounting/Budgeting Systems

All the financial transactions of LDLT must be recorded on the (IRIS) PS Financials accounting system operated by the Finance Departments in each academy.

Financial records are required to be kept for at least six years. This is a requirement laid down by His Majesty's Revenue and Customs.

7.1. System Access

PSF accounting system and BPS is protected by access permissions to authorised staff. Access permissions should be strictly controlled, and individual logins and passwords should not be compromised. Access to PSF is restricted and the CFO is responsible for determining the access levels for all members of staff using the system.

All leavers with previous access to PSF and BPS must have their access permissions formally removed.

7.2. Back-up Procedures

The CFO is responsible for ensuring that there are effective backup procedures for the system. These systems are cloud-based with significant security protocols around the data storage.

The CFO should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by LACs of the major risks to which the trust is exposed and the systems that have been put in place to mitigate those risks.

7.3. Transaction Processing

All financial transactions processed through the PSF Accounting System must be authorised in accordance with the procedures specified. Detailed information on the operation of the PSF system can be found in the user manuals held online in the PSF Help Hub.

7.4. Transactions Reports

The CFO will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include:

- Monthly payroll reports.
- Monthly bank statement reconciliations.
- Monthly procurement card statements.
- Monthly VAT returns.
- Management accounts summarising expenditure and income against budget.

7.5. Reconciliations

The central finance team is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- Payroll.
- Petty cash.
- Bank balance per the nominal ledger to the bank statement.
- Procurement cards.



- VAT.
- Trial balance.
- Control accounts.

Any unusual or long outstanding reconciling items must be brought to the attention of the CFO. The academies are expected to assist in reconciliations by promptly responding to queries from the central team.

8. Financial Planning

8.1. Three Year Budgets

Three-year budgets will reflect the best estimate of the resources available to each academy for the forthcoming years and how those resources are to be utilised by each academy. There should be a clear link between the academy development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of students to estimate the amount of ESFA grant receivable based on Local Authority place planning over the 3 years.
- Review of other income sources available to the individual academies within LDLT to assess likely level of receipts.
- Review of past individual performance against budgets to promote an understanding of the academy cost base.
- Identification of potential efficiency savings and the use of tools, such as benchmarking and Integrated Curriculum Financial Planning and School Resource Management Dashboard.
- Review of the main expenditure headings considering the strategic plan objectives and the expected variations in cost, e.g., pay increases, inflation, and other anticipated changes.
- Liaising with external agencies including major suppliers to ensure that the Trust's best financial interests are met.
- The likelihood of restructures.

Individual academy plans and budgets will need to be revised until income and expenditure are in balance. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding.

If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available.

If a potential surplus is identified at an individual academy within LDLT, this may be held back as a contingency or alternatively carried forward to invest in future years' priorities for the students that the academy serves.

Where the school has submitted an overall deficit budget greater than 5% of total income, the Board will delegate responsibility of financial management to the central team, until the school returns to a balanced position.

It will be the responsibility of each LAC to agree a 3 year balanced budget for submission to the LDLT Board. Such approval should be clearly minuted in sufficient time to allow prompt submission of aggregated plans to the ESFA and should be accompanied by a statement of assumptions and explanations behind the plan so that if circumstances change, it is easier for all concerned to take remedial action.

The CFO is responsible for preparing and obtaining approval for LDLT's three-year budget, which aggregates the budgets of each academy in the Trust. The budget must be approved by the Board of Directors.

The approved aggregated budget must be submitted to the ESFA by the deadline specified by the ESFA. The deadline date for submission of the academy budget will be set each year and will allow sufficient time for the approval process.

Budgets should be a working document which may need revising throughout the year as circumstances change.

8.2. Monitoring and Review

Management accounts have been developed in which variances are highlighted for discussion and appropriate monthly reports should be prepared for each academy.

Management accounts should be shared with the Chair of Trust Board and CEO every month and with the Board of Directors at every meeting.

This process should be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate. Any potential overspend against budget must, in the first instance, be discussed with the CFO.

Each academy should present Management Accounts to the LAC at every meeting.

The trust must complete a self-assessment of financial compliance. The ESFA tool is “The School Resource Management Self-Assessment Tool” (SRMSRT) which will also facilitate benchmarking across Trusts. The completed SRMSAT is to be reported to the ESFA, Trust and LACs so that they understand the position of the academy and can follow any action points to ensure financial compliance.

9. Payroll

The main elements of the payroll system are:

- Staff appointments.
- Payroll administration.
- Payments.

9.1. Staff Appointments

The Local Academy Councils have approved a staffing structure for each academy in LDLT and the Headteachers/Principals at each academy must ensure that adequate budgetary provision exists for any changes.

Directors of LDLT have the authority to appoint the CEO and the Headteacher/Principal at each academy. The appointment of a CFO must be approved by the Directors of LDLT.

Each academy in LDLT maintains personnel files for all members of staff which include contracts of employment and copies of identification. All personnel changes must be notified to the academy's admin team immediately and authorised by the Headteacher. The relevant HR and MIS software must be updated to reflect the changes.

The CEO is responsible for ensuring that the Trust's pay policy is implemented.

The CEO is responsible for ensuring that the statutory obligations around the safer recruitment policy and procedures are administered and Academies will be responsible for maintaining accurate records of all staff employed at their school in a single central record.

9.2. Payroll Administration

LDLT payroll is outsourced and administered by Working with Schools. Amendments to payroll data, e.g., appointments, resignations, pay changes and overtime, should be authorised by the Headteacher and a record kept in personnel files.

All supply teacher, casual working and overtime claims must be checked and confirmed by the Headteacher.

9.3. Payroll Payments

All staff are paid monthly by bank credit transfer to their bank accounts.

Working with Schools payroll system automatically calculates the deductions due from payroll to comply with legislation. The major deductions are for tax, National Insurance contributions and pensions.

LDLT will undertake a monthly reconciliation between the current month's actual expenditure and the budgeted payroll costs. Any variations should be investigated and reported to the Headteacher/Principal and queries raised immediately with Working with Schools Team. The reconciliation should be signed by both the CFO and the Headteacher/Principal to verify the accuracy of the payments made.

LDLT has a responsibility for ensuring that all payments to individuals are subject to tax and national insurance deductions where appropriate. To achieve this, the following guidelines should be followed:

- An assessment (IR35) must be made as to whether the individual is providing a contract of service (i.e., employed) or a contract for services (i.e., self-employed).
- If considered to be a contract of service, the individual shall be set up as an employee of the school before receiving payment through the payroll.
- Where an individual seeks payment from the school for a contract for services, this must be in the form of an invoice.

Careful attention should be paid to repetitive payments to individuals.

10. Procurement

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

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

10.1. Routine Purchasing

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by their Local Academy Council. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent.

It is essential that all the following controls are adhered to:

- Orders should not be entered into verbally.
- The use of 'Order Forms' through the PSF system automatically updates the financial records and enables committed expenditure to be included in management information for LACs.
- In exceptional circumstances (e.g., emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders may be emailed to suppliers, in order to reduce timelines.
- Orders should only be approved in accordance with the authorised limits within the scheme of delegation.
- Orders may only be used for goods and services provided to LDLT. Private individuals and other organisations may not use 'Order Forms' to obtain work, goods, materials and services net of VAT.
- **Orders under £5,000** - can be ordered by Headteachers, who will be responsible for ensuring that reasonable steps have been taken to achieve Value for Money. Value for Money could be achieved by:
 - Supplier chosen from the list of approved suppliers maintained by the Trust Finance Office.
 - Bulk purchasing of common consumables.
 - Negotiating discounts.
 - Taking advantage of sale seasons.
 - Obtaining alternative quotations wherever possible.
- **Orders between £5,000 and £10,000 must be approved by a member of the central team as well as the Headteacher.**
- **Orders over £10,000 but less than £25,000** - at least three written quotations are required to identify the best source of the goods/services. Written details of

quotations obtained should be prepared and retained by Academies for audit purposes and approved by the Headteacher/Principal and LDLT

- **Orders over £25,000 but less than £75,000** - all goods/services ordered with a value over £25,000, or for a series of contracts which in total exceed £25,000, must be subject to three written quotations and must be referred to the CFO/CEO for formal approval
- **Orders over £75,000** – will be subject to a tendering policy. These contracts will be approved by Directors in the Finance and Resource Committee.

The academy must make appropriate arrangements for the delivery of goods and services to the school. On receipt of goods and services there must be a detailed check of the goods and services received against the purchase order (or equivalent in exceptional circumstances). All discrepancies should be discussed with the supplier of the goods and services without delay.

All invoices should be sent to the school's finance team to be checked against the PSF numbered order (or equivalent in exceptional circumstances) and the delivery note to evidence the following:

- Invoice arithmetically correct.
- Goods/services received.
- Goods/services as ordered.
- Prices are correct.

Invoices will be authorised for payment by the relevant budget-holder and then passed to the academy's admin team for recording and payment through PSF.

10.2. Multiple Year Contracts

Procurement must ensure that value for money is achieved and multiple year contracts is one way that this can be achieved through additional discounts.

The Headteacher can approve up to 3-year contracts and anything more than that requires the approval of the CFO or CEO.

10.3. Procurement Cards

Procurement/Charge cards are held by named cardholders in each academy. Each cardholder is personally responsible for the safe custody of their card. The card should be always held securely, and any loss of cards should be reported immediately. The cardholder and Headteacher are jointly liable for the integrity of all transactions and proper and controlled use of the procurement card. All receipts must be produced and reconciled to the monthly statement by the central team and reviewed and signed off by the Headteacher. Where the Headteacher is the named cardholder, or requesting a purchase, a member of SLT or the admin team can authorise expenditure up to £1,000.

All card transactions must be accompanied by an appropriate receipt which is retained for accounting purposes. A procurement card request form must be completed for all purchases and authorised by someone other than the requestor.

The Procurement card must be used solely for company purchases.

Credit limits must be agreed with the Chief Financial Officer.

LDLT company credit cards are NOT used to draw cash.

Cards must be kept secure at all times and card numbers and PIN numbers are NOT to be divulged. All procurement card transactions must be reconciled monthly and authorised in line with the bank mandate.

All named cardholders must complete and sign a 'Cardholder Agreement Form' before using the purchasing card. The card will be placed on hold until a signed copy of the agreement form has been returned to the central team.

10.4. Supplier Maintenance

The Trust finance team are responsible for the maintenance of the Purchase Ledger on PSF. All new suppliers **must** be approved by the CFO before orders are raised. If any supplier changes bank details the academy must also do standard fraud checks and complete a new supplier form "Bank Details Update section". This is verified by a member of the admin team and CFO.

10.5. Self-employed Contractors

When engaging a contractor, particularly from a small or a one-man business, the employment status should first be established. If the individual is offered terms, e.g., an hourly rate of pay and/or equipment and materials are provided by LDLT, this can be regarded as an 'employment' and payment should be made via the payroll, with the appropriate payroll deductions being made.

To find out if someone is employed or self-employed, look at the HMRC website: www.hmrc.gov.uk/employment-status If in doubt, academies should seek advice from the Inland Revenue.

If the contract is for self-employment, Academies should consider whether the work falls within the construction Industry Scheme (CIS). Further information on this scheme is available if required from the Trust.

11. Grants, Income and Collection

11.1. Capital Grants

The amount of DFC awarded to each academy is allocated at school level by the ESFA. A capital request form should be completed before the DFC is released by LDLT to the academy.

11.2. Income received from parents

An electronic cashless system is the preferred method of collecting payments from parents, otherwise, all income received must be recorded in PSF against the income nominal. Any cash received must be receipted and paid into the bank in a timely manner. Academies will each have a paying-in book that can be used to deposit cash at the Local Post Office or Lloyds Bank branch. A copy of the paying-in slip and details of cash breakdown must be passed to the central team to reconcile on PS Financials.

11.3. Lettings/Charging Policy

The academy is responsible for maintaining records of bookings of sports and other facilities and for identifying the sums due from each organisation.

The academy must request sales invoices from the central team for individuals and organisations booking facilities. No debts should be written off without the express approval of the CFO.

11.4. Grants from External Bodies

Any bids for grants/funding from external bodies should be submitted in conjunction with LDLT's CFO to ensure all LDLT academies can benefit from the funding source.

12. Cash Management and Banking

12.1. Custody

Receipts should be issued for all cash and cheques received. All cash and cheques must be kept in the Finance Office safe prior to banking. Banking should take place at least once a month or more frequently if the sums collected exceed the insurance limit on the Finance Office safe. For current insurance limits, please refer to the RPA scheme details.

Monies collected must be banked in their entirety in the appropriate bank account. The finance team is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

12.2. Cash Management

The financial resources of LDLT will be managed through one main operational bank account. The current bank for LDLT and its academies is Lloyds Plc.

12.3. Bank Accounts

When a new academy joins the trust the CFO will arrange for banking details and resources to be available to the academy.

Bank Deposits

Particulars of any deposit must be entered on a paying-in slip, counterfoil or listed in a supporting book.

Bank Payments and Withdrawals

All cheques and other instruments authorising withdrawal from the Trust account will be authorised by the CEO and CFO (as per the bank mandate).

Central Authorisation of Academy Payments

The CFO/CEO are responsible for authorising BACS and Faster payments from the central account.

Bank Account Administration

The CFO must ensure bank reconciliations are completed at least monthly. The reconciliation process is completed between the PSF system and the bank statements. An unreconciled list of payments (if appropriate) must be produced once the final bank statement for the month has been reconciled.

12.4. Petty Cash Accounts

Each location can maintain a maximum cash balance of £500, although cashless is preferred, the cash is administered by the finance team and is kept in the safe. Any academy wishing to hold higher values of cash must inform the CFO to agree the increased value. This will be reviewed annually.

In the interests of security, petty cash payments will be limited to £50. The Finance officers are responsible for administering the Petty Cash Account and ensuring that it is balanced regularly.

12.5. Cash Flow Forecasts

The CFO is responsible for preparing cash flow forecasts to ensure that there are sufficient funds available to pay for day-to-day operations

12.6. Investments

The board will approve any investments in line with the “Investments Policy”.

13. Fixed Assets Management

13.1. Asset register

Academies are responsible for maintaining an asset register of all equipment at their location. All assets purchased with a value over £1,000 must be entered in the Trust's asset register. The CFO is to monitor and control the register. The academies are to annually review the register ensuring approval of the headteacher and report to the CFO.

The Asset Register helps:

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

All IT equipment must be recorded on the register. Details recorded should include the date purchased (where possible) and the serial number (if one is available).

13.2. Disposals of Assets

Items which are to be disposed of by sale or destruction must be authorised for disposal by the CFO or in individual academies the Headteacher. Any items with a disposal value of £5,000 or over must be communicated to the CFO, who in turn would send the appropriate notification to the DFE. All disposals of land must be agreed in advance with the Secretary of State.

13.3. Loan of Assets

Items of LDLT/academy property should not be removed from premises without the authority of the CFO/Headteacher. A record of the loan must be recorded in a loan book or on the asset register within the academy. When a student or staff member leaves the academy, it must be returned.

13.4. Capitalisation & Depreciation

Subject to the value considerations and the details set out below, it is LDLT's policy to capitalise fixed assets; and to depreciate them (using the straight-line method) over their estimated economic lives.

Capitalisation Level

Individual assets with a cost of £1,000 or above will be capitalised and entered on the asset register.

All purchases/replacements with an individual item of less than £1,000 will be charged to expenses and will follow the standard purchasing procedures.

Asset Categories and Depreciation Rates

Asset Category	Asset Life (Years)	Depreciation Rate (%)
BUILDINGS/IMPROVEMENTS	50	2%
REFURBISHMENTS	5	20%
PLANT & MACHINERY	5	20%
FURNITURE FITTINGS AND EQUIPMENT	5	20%
ICT EQUIPMENT	3	33.3%
MOTOR VEHICLES	5	20%

The standard depreciation rates, as categorised above, will be assessed on a project-by-project basis to determine individual depreciation rates for each item of capital expenditure.

14. Academy Contribution to LDLT

As part of the finance strategy agreed annually by the directors, academies will contribute an agreed percentage of recurrent GAG income towards the cost of the central services and infrastructure, governance and LDLT wide ethos. This will include the following functions:

Central management, Communications, Finance, Governance Services, Education School Improvement Services, Internal and External Audit and Responsible Officer and other costs as agreed between the LDLT Board and the LACs.

This is reviewed annually to ensure percentage is fit for purpose.

15. Insurance and Risk Management

15.1. Insurance

LDLT will maintain insurances with a group policy for the Academic year, co-ordinated centrally against the commonly identified risks which include (but are not limited to):

- Property Damage
- Business Interruption
- Money
- Public Liability
- Employers Liability
- Hirers Liability
- School Journey
- Legal Expenses
- Personal Accident
- LACs/Directors' Liability
- Libel & Slander

LDLT will review all risks annually with a centrally agreed insurance provider and at all times in the light of specialist professional advice, to ensure that the sums insured are commensurate with the risks.

It is the responsibility of each location to inform the LDLT Finance department of all new risks, property equipment and vehicle, which require insurance or of any real or potential situations which require alterations to existing insurance policies. Each location has the responsibility of ensuring that LDLT property such as musical instruments or computers are insured when off LDLT premises.

At no time shall any location give any indemnity to any third party without the written consent of the insurers.

Each academy will handle claims direct with the insurers and will notify the CFO of any claim. Claims are made by contacting the RPA who will direct the school. The CFO should be informed of any claims over £5,000 in line with ATH.

It is the responsibility of each academy to maintain Motor Insurance and/or Absence Insurance.

15.2. Risk Management

Risk is one of life's certainties and how successfully organisations deal with it can have a major impact on the achievement of their key goals. Often relatively little is formally done to evaluate and manage risk.

LDLT has a Risk Management strategy which aims to raise awareness about the need to address strategic and operational risks and to provide good practical guidance for academies and LDLT departments to manage such risks in an effective and formal way. The Risk Register must be completed and reviewed at least annually and as a live document updated as necessary.

The Accounting Officer is responsible for ensuring that an up-to-date register is maintained. This ties in with the audit and Annual Report and Financial Statements for director sign-off prior to submission to the ESFA by 31st December each year.

16. Compliance with the Academy Trust Handbook

Schools and the central trust must comply with the requirements outlined in the Academy Trust Handbook. This includes, but is not limited to:

- Novel, contentious and repercussive transactions (ATH: 5.6)
- Severance payments (ATH: 5.8 – 5.14)
- Compensation (ATH: 5.15 – 5.16)
- Ex gratia payments (ATH: 5.17 – 5.18)
- Write offs and entering into liabilities (ATH: 5.19 – 5.22)
- Acquisition and disposal of assets (ATH: 5.23 – 5.24)
- Leasing (ATH: 5.25 – 5.28)
- Borrowing (ATH: 5.33 – 5.34)

Appendix 1 – Summary of Financial Scheme of Delegation

	Board of Directors	Board (Committee)	Local Academy Council	Chair of Directors and CEO	CFO	Executive /Head Teacher	Business Manager	Academy Budget Holders
Approval of Annual Budget/3-year plan	✓							
Variations to budget heads (virements) over £25,000	✓	✓						
Variations to budget heads (virements) £10,000 to £25,000	✓	✓	✓	✓	✓			
Variations to budget heads (virements) up to £10,000	✓	✓	✓	✓	✓	✓	✓	
Authorise expenditure over £75,000	✓							
Authorise expenditure £25,000 - £75,000	✓	✓		✓	✓			
Authorise expenditure £5,001 - £25,000	✓	✓	✓	✓	✓	✓		
Authorise expenditure £1,001 - £5,000	✓	✓	✓	✓	✓	✓	✓	
Authorise expenditure up to £1,000	✓	✓	✓	✓	✓	✓	✓	✓
Authorise Petty Cash up to £50					✓	✓	✓	

	Board of Directors	Board (Committee)	Local Academy Council	Chair of Directors and CEO	CFO	Executive /Head Teacher	Business Manager	Academy Budget Holders
Authorise appointment/ salary of permanent and temporary staff (other than Leadership Group)						✓		
Authorise appointment/ salary of CEO and HT	✓							
Authorise appointment/ salary of DHT and AHT	✓	✓	✓					
Severance Authorisations Up to £50,000	✓	✓		✓				
Advertising of tenders over £75,000	✓	✓		✓	✓			
Advertising of tenders under £75,000		✓		✓	✓			
Authorisation of disposal of assets over £5,000	✓	✓		✓	✓			
Authorisation of disposal of assets under £5,000		✓			✓	✓	✓	