Leeds Diocesan Learning Trust (LDLT)

Company Number 13687278

Finance Policy

LDLT
LEEDS DIOCESAN
LEARNING TRUST

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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
- Scheme of Delegation
- Anti-Fraud and Anti-Corruption Policy
- Pay Policy
- Staff Expenses Policy

1. Introduction

The purpose of this document is to ensure that 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 DFE.

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

LDLT will ensure all staff, including the Accounting Officer, the Trust Chief Finance Officer, Director of School Effectiveness, Headteachers, 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 committee of the LDLT Board, will be responsible for reviewing all controls and procedures of financial systems operating within the Trust.

2. Principles

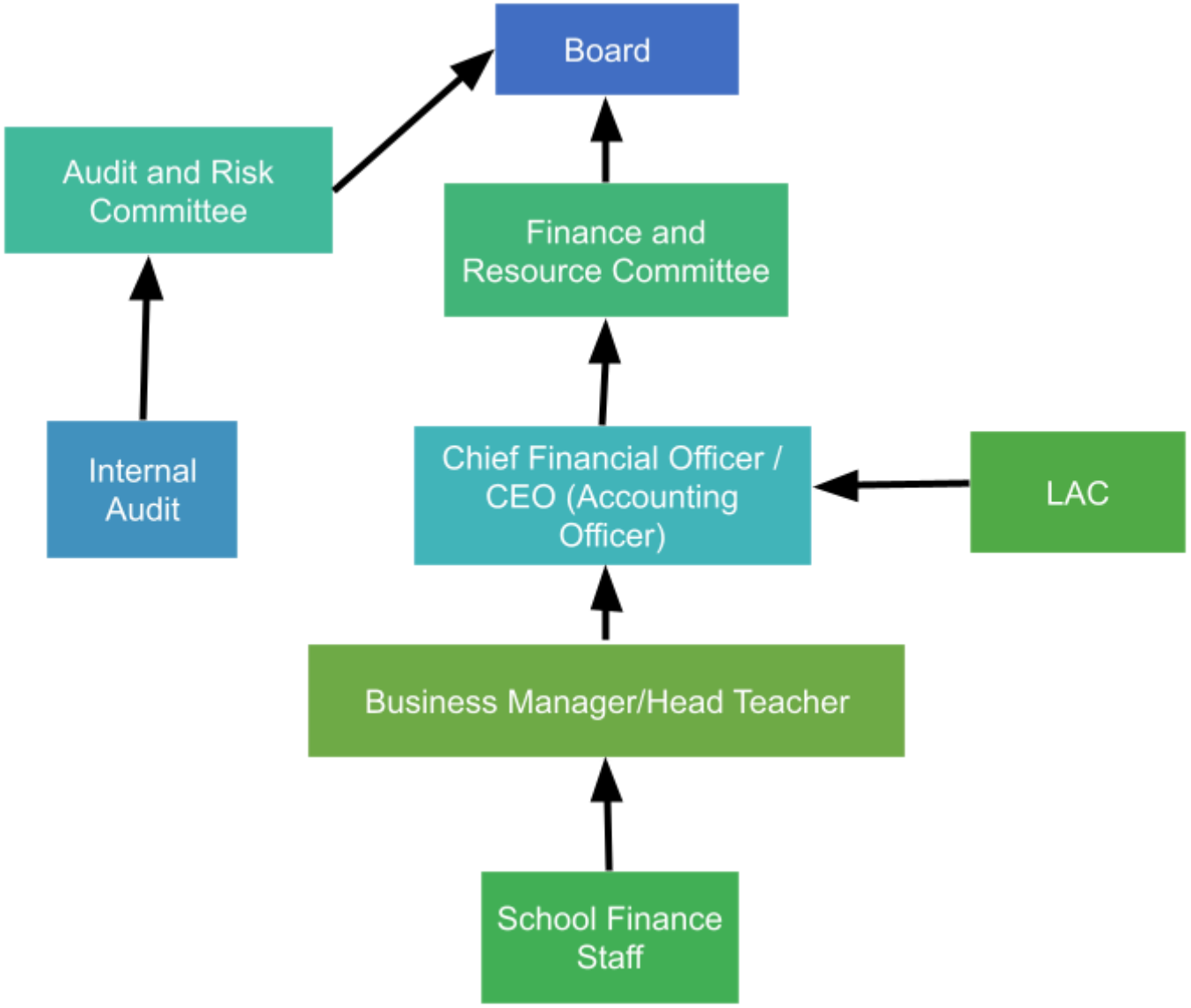
Each Local Academy Council and the Board of Directors will manage their affairs in accordance with the high standards detailed in 'Guidance on Codes of Practice for Board Members of Public Bodies' and in line with the seven principles of public life.

- **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 adequate delegations are 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 accurately and in accordance with the latest legislation.
- Authorising the award of contracts up to the amount stated in the Financial Scheme of Delegation (Appendix 1).
- Scrutinise the 3-year budgets.
- Authorise additional spend for schools outside of the budget setting periods.
- Reviews pay-setting for the central team and headteachers of the schools. The committee reviews all leadership scale recommendations to ensure a robust evidence-based process.

3.2 Audit and Risk Committee

The Audit and Risk Committee is appointed by the Board and oversees the Trust's programme of internal scrutiny. The Committee will normally meet at least three times each year and will operate under written terms of reference approved by the Board.

The Committee will:

- approve an annual, risk-based programme of internal scrutiny covering financial and non-financial controls and risk-management arrangements;
- review the Trust's risk register when determining the programme;
- agree who will perform the work and ensure that the internal scrutineer is independent, objective, suitably qualified and not a member of the senior leadership or finance team;
- receive regular reports from the internal scrutineer and monitor implementation of recommendations;
- report to the Board on the adequacy of the Trust's internal-control and risk-management framework;
- ensure information submitted to DfE that affects funding is accurate and compliant;
- review external-audit plans, findings, management responses and the annual report and accounts;
- assess the external auditor's effectiveness and report its conclusions annually to the Board and members; and
- ensure the annual internal-scrutiny summary report is submitted to DfE by 31 December.

At least one Committee member should have recent or relevant accountancy or audit-assurance experience. Employees should not be members of the Committee, although the Accounting Officer and CFO should attend to provide information. The Chair of Directors should not chair the Committee.

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 2006, the applicable Charities SORP, the current Academies Accounts Direction and applicable accounting standards.
- Approving the annual statutory accounts.
- Approval of the annual budget and the revised budget in the Autumn term.
- The Board retains ultimate responsibility for risk management and oversight of the Trust risk register.
- The Board must approve and minute the annual balanced Trust budget, the Budget Forecast Return and any significant changes to the budget.
- The Board must ensure that the Trust maintains financial viability and takes appropriate and timely action where its ability to operate as a going concern is at risk.

3.4 Chief Executive Officer – Accounting Officer

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

- Approving Headteacher appointments, alongside approval from the Board of Directors
- Authorising contracts within the limits set in the Financial Scheme of Delegation (Appendix 1), reporting these decisions to the Finance and Resource Committee.
- Approving 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.
- Advising the Board in writing where proposed action is incompatible with the Trust's articles of association, funding agreements or the Academy Trust Handbook.
- Advising the Board in writing where it has failed to take an action required by the funding agreements or Academy Trust Handbook.
- Notifying DfE's Accounting Officer immediately where the Board proceeds with an action that the Accounting Officer continues to consider non-compliant.
- Notifying the Board where the Trust's ability to operate as a going concern is at risk, so that the Board can take ownership of the necessary action, including notifying DfE.

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.
- Preparing budget plans in conjunction with the Chief Financial Officer in line with DFE 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 schools.
- Management of the Trust 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.
- 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 DFE in line with the timetable in the DFE 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 DFE.
- 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 schools 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 Councils

The Local Academy Council are committees created by the Trust Board. They support locally with:

- Monitoring actual financial performance against budgets at every LAC meeting 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 to the Headteacher.
- Management and administration duties undertaken by the Headteacher 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.
- Maintaining a register of pecuniary interests for the LAC and staff.
- Maintaining a register of gifts and hospitality.
- Approve recommended teacher pay increments, subject to performance management and available budget.
- 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.

3.8 The Role of the Headteacher/Executive Headteacher/Head of School

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

- Approving the monthly payroll changes e.g., overtime, new staff members, change of hours.
- Approving salary reports (Payroll Report) and the payroll reconciliation and signing and dating these to confirm they are accurate and noting any queries.
- Preparing the school improvement plan and school budget in accordance with priorities agreed by the LAC.
- Managing internal control systems and internal financial transactions in accordance with LDLT's Financial Policy, 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.
- Approving Procurement Card purchases (other than their own).
- 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.
- 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 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 is maintained.
- Ensuring that HMRC tax compliance is maintained.
- Ensuring that DFE guidelines are not breached through following the latest ATH.

3.9 The Role of the Business Manager/Finance Staff

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

- Submitting pay adjustments to payroll as appropriate and ensuring these are reflected in the budget forecast.
- Prompt and intact banking of income and associated recording of income in accordance with the Academies Trust Handbook.
- Assisting in the maintenance of an accurate asset register and associated security procedures.
- Submitting month end 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 DFE portal.

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

6. Process for Scrutiny

The Trust must maintain a programme of internal scrutiny that provides independent assurance to the Board that its financial and non-financial controls and risk-management procedures are operating effectively.

The annual programme will be determined on a risk basis, with reference to the Trust risk register and other assurance findings. It will evaluate compliance with controls, identify weaknesses, provide advice on improvements and consider whether all categories of risk are being properly identified, reported and managed.

Internal scrutiny must be independent and objective. It must not be undertaken by members of the senior leadership or finance team. The work must be carried out by suitably qualified and experienced persons who report directly to the Audit and Risk Committee.

The programme will be spread appropriately across the year and will include regular reporting to the Audit and Risk Committee and monitoring of agreed actions.

6.1 Investigation of Fraud and Irregularity

- The personal responsibilities of the accounting officer 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.
- The Board must notify DfE as soon as possible of all instances of fraud, theft or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any financial year. Unusual or systematic fraud must be reported regardless of value. The notification must include full details and dates, the financial value of the loss, action taken to prevent recurrence, whether the matter was reported to the police and, if not, why, and whether insurance or the Risk Protection Arrangement has offset any loss.
- The DFE reserves the right to conduct or commission its own investigation into actual or potential fraud, theft, or irregularity in any school either as the result of a formal notification from the Trust itself or as the result of other information received.

- The DFE 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).
- The Trust must maintain proportionate controls against cybercrime and take appropriate action following cyber incidents. The Trust must not pay ransom or extortion demands, including cyber-ransomware demands.

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.
- 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 DFE immediately of the removal or resignation of the auditors. For removal, the trust must notify DFE of the reasons, copying to DFE any statement received from the auditor on this matter. For resignation, the trust must copy to DFE 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 school.
- 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 SBS 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 SBS 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 and journal postings.
    - Monthly bank statement reconciliations.
    - Monthly procurement card statements.
    - Monthly VAT returns.
    - Petty cash accounts
    - 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 schools 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 school for the forthcoming years and how those resources are to be utilised by each school. There should be a clear link between the school 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 DFE funding based on Local Authority place planning over the 3 years.
    - Review of other income sources available to the individual schools within LDLT to assess likely level of receipts.
    - Review of past individual performance against budgets to promote an understanding of the school 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 school 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 school 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 school 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.
- Each LAC will review its academy's proposed three-year financial plan and provide comments or recommendations to the Trust. The Trust Board retains responsibility for approving and minuting a balanced Trust-wide budget and the Budget Forecast Return before submission to DfE.
- The CFO is responsible for preparing and obtaining approval for LDLT's three-year budget, which aggregates the budgets of each school in the Trust. The budget must be approved by the Board of Directors following review by the Finance and Resource committee.
- The approved aggregated budget must be submitted to the DFE by the deadline specified by the DFE. The deadline date for submission of the school budget will be set each year and will allow sufficient time for the approval process.
- Budgets and revised outturn forecasts must be based on realistic assumptions, incorporate provision for sustaining capital assets and reflect lessons learned from previous years.
- The Board will challenge pupil-number estimates and review them at least termly.
- The Trust and its schools will take an integrated approach to curriculum and financial planning and will use appropriate benchmarking and resource-management information.
- Where the Board proposes to set an overall Trust revenue deficit budget for the current financial year that cannot be addressed using unspent funds brought forward, DfE must be notified within 14 calendar days of the relevant Board meeting.

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 school/budget location.
- 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 school should present Management Accounts to the LAC at each termly meeting.
- The Accounting Officer must notify the Board immediately if the Trust's ability to operate as a going concern is at risk. The Board must take ownership of the necessary remedial action, including notifying DfE where required.
- The Trust will complete and submit the School Resource Management Self-Assessment Checklist in accordance with the requirements and timetable specified by DfE.

9. Payroll

The main elements of the payroll system are:

- Staff appointments.
- Payroll administration.

- Payments.

9.1 Staff Appointments

- The Board approve an affordable staffing structure for each school and the Headteachers at each school must ensure that adequate budgetary provision exists for any changes.
- Directors of LDLT have the authority to appoint the CEO and the Headteacher at each school. The appointment of a CFO must be approved by the Directors of LDLT.
- Each school 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 school's admin team immediately and authorised by the Headteacher. The relevant budget, 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 schools 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 Juniper. 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. The Headteacher must ensure that these changes are affordable within the agreed budget.
- 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.
- The payroll system automatically calculates the deductions due from payroll to comply with legislation. The major deductions are for tax, National Insurance contributions and pensions.
- The monthly payroll reports must be signed by the CFO or the Headteacher 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 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 school.
- **Accountability:** the Trust is publicly accountable for its expenditure and the conduct of its affairs.
- **Fairness:** that all those dealt with by the Trust are dealt with on a fair and equitable basis.

All procurement must comply with the Procurement Act 2023, associated regulations, the Academy Trust Handbook and the Trust's Procurement Policy. The Trust will use Find a Tender where required and obtain appropriate professional advice and undertake proportionate due diligence.

The Trust's internal quotation and tender thresholds do not replace statutory procurement thresholds. The applicable legal and regulatory requirements must be checked when each procurement commences.

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 the Board.
- 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.
- For relevant purchases, the Trust must consider available DfE procurement opportunities and retain a record of the options considered and the reasons for its decision.
- **Orders under £10,000** - can be ordered by Headteachers (provided the costs are within the approved delegated budget for the school), who will be responsible for ensuring that reasonable steps have been taken to achieve Value for Money. Value for Money could be achieved by:
    - Bulk purchasing of common consumables.
    - Negotiating discounts.
    - Taking advantage of sale seasons.
    - Obtaining alternative quotations wherever possible.
- **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 schools for audit purposes and approved by the Headteacher and CFO/CEO.
- **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 Board of Directors (via the FARC) for formal approval.
- **Orders over £75,000** – will be subject to a tendering policy. These contracts will be approved by the Board of Directors.
- For supply staffing, the Trust must use the Government Commercial Agency Supply Teachers and Education Recruitment agreement unless it has an alternative compliant agreement with rates that do not exceed those available through the framework.
- On renewal, the Trust must use the DfE Energy for Schools service or another DfE-approved energy deal unless an alternative agreement with comparable pricing has been sourced and documented.
- All Management Information System contracts must be aligned with the DfE MIS framework.
- The school 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 school's admin team for recording and payment through PSF.
- Once payment has been made, the invoice should be marked as "PAID" and filed in accordance with the school's invoice filing system.

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.
- Approval under the Trust's Scheme of Delegation does not remove any requirement for statutory procurement, related-party or DfE approval. The whole-life value of the contract, including extensions and related purchases, must be used when determining the approval and procurement route.

10.3 Leasing

Prior DfE approval must be obtained before:

- entering into a finance lease for an asset not on the DfE-approved list;
- taking a leasehold or tenancy of land or buildings for seven years or more; or
- granting another party a leasehold interest or tenancy in Trust land or buildings, for any duration.

Other operating leases do not normally require DfE approval. Every lease must demonstrate value for money, regularity and propriety. Professional or external-audit advice should be obtained where there is uncertainty about whether an arrangement constitutes borrowing.

10.4 Electric Vehicle (EV) Salary Sacrifice schemes

- Electric vehicle salary-sacrifice schemes do not require prior DfE approval provided that the Trust is not subject to a Notice to Improve and has comprehensive, documented arrangements ensuring that no cost or liability falls on the Trust if an employee fails to fulfil their contractual obligations.
- Before introducing such a scheme, the Trust must follow current DfE electric vehicle salary-sacrifice guidance and obtain the required internal approvals.

10.5 Procurement Cards

- Procurement cards are held by named cardholders in the central team.
- 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 is 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 CEO or CFO.
- 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 **in advance** 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 by the central team.
- 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.

10.6 Supplier Maintenance

- The Trust finance team is 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 a named individual in school 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.

10.7 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.hrmc.gov.uk/employment-status If in doubt, schools should seek advice from the Inland Revenue.
- If the contract is for self-employment, schools should consider whether the work falls within the construction Industry Scheme (CIS). Further information on this scheme is available if required from the CFO.

11. Grants, Income and Collection

11.1 Capital Grants

- The amount of DFC awarded to each school is allocated at school level by the DFE.
- A capital request form should be completed before the DFC is released by LDLT to the school so that the spending and assets can be maintained on the capital register.

11.2 Income received from parents

- An electronic cashless system is the preferred method of collecting payments from parents.
- All income received must be recorded in PSF against the income nominal.
- Any cash received must be recorded and details sent to the central team monthly to post onto PSF.
- Cash must be paid into the bank in a timely manner.
- Schools 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 school is responsible for maintaining records of bookings of sports and other facilities and for identifying the sums due from each organisation.
- The school must request sales invoices from the central team for individuals and organisations booking facilities.
- No debt or loss may be written off without approval under the Trust’s Scheme of Delegation. Before approving a write-off, the Trust must demonstrate that reasonable recovery action has been taken and that no feasible alternative is available. Prior DfE approval must be obtained where the individual or cumulative limits in the Academy Trust Handbook are exceeded.

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 schools is Lloyds Plc.
- The Trust must manage its cash position robustly and must avoid becoming overdrawn on any bank account.

12.3 Bank Accounts

- When a new school joins the Trust the CFO will arrange for banking details and resources to be available to the school.

12.4 Bank Deposits

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

12.5 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).

12.6 Authorisation of Payments

- The CFO/CEO are responsible for authorising BACS and Faster payments from the central account.
- Bank accounts, payment processes, financial systems and financial records must be operated by more than one person. Appropriate separation must be maintained between the initiation, authorisation and release of payments.

12.7 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.

12.8 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 school wishing to hold higher values of cash must inform the CFO to agree to 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.

12.9 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

12.10 Investments

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

13. Fixed Assets Management

13.1 Asset register

- Schools are responsible for maintaining a local asset register of all equipment at their location.
- All assets purchased with a value over £2,000 must be entered in the Trust’s asset register. The CFO is to monitor and control the central asset register.
- 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 school'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

- All asset disposals must be authorised under the Trust's Scheme of Delegation and fully documented.
- Prior DfE approval must be obtained for:
  - the acquisition of a freehold interest in land or buildings;
  - the disposal of a freehold interest in land or buildings; and
  - disposal of heritage assets beyond any applicable funding-agreement limit.
- Other fixed assets may be disposed of without DfE approval, provided the Trust obtains the best price that can reasonably be achieved and maintains regularity, propriety and value for money.
- Conflicts of interest must be declared and managed. Disposal to staff, trustees, local governors or connected persons must not take place on preferential terms.

13.3 Loan of Assets

- Items of LDLT 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 school.
- When a student or staff member leaves the school, 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 over their estimated economic lives.
- Individual assets with a cost of £2,000 or above will be capitalised and entered on the asset register.
- All purchases/replacements with an individual item of less that £2,000 will be charged to expenses and will follow the standard purchasing procedures.

Asset Categories and Depreciation Rates

Asset Category	**Asset Life (Years)**	**Depreciation Rate (%)**
Leasehold buildings	125	0.8%
Leasehold improvements	5 - 50	2% - 20%
Furniture and Equipment	5	20%
Plant and Machinery	5	20%
Computer Equipment	3	33.3%
Motor Vehicles	25% reducing balance	

- 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. Contribution to LDLT

- As part of the finance strategy agreed annually by the directors, schools 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
    - School Improvement Services
    - HR & Payroll
    - Pensions administration
    - Safeguarding
    - Internal and External Audit
    - Strategic Estates Management
- By 31 January each year, the Trust will publish on its website, alongside its annual accounts, a summary statement explaining how funding has been distributed across its schools. This statement must be consistent with the central-services and funds disclosures in the annual accounts.

15. Insurance and Risk Management

15.1 Insurance

- LDLT will maintain company wide 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
    - Personal Accident
    - Public Liability
    - Employers Liability
    - Hirers Liability
- 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 school 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 school to maintain Motor Insurance and/or Staff 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 schools and LDLT departments to manage such risks in an effective and formal way.

- The Trust must maintain a risk register covering its full operations and activities, including financial and non-financial risks.
- The Board retains ultimate responsibility for risk management and oversight of the risk register, drawing on advice from the Audit and Risk Committee.
- The Board must conduct a full review of the risk register at least annually and should review it frequently. Committees and LACs may review and manage risks within their delegated responsibilities, but this does not transfer the Board's ultimate responsibility.
- Risk management must include contingency and business-continuity planning.
- Headteachers must promptly escalate significant academy-level risks through the Trust's approved reporting arrangements.

16. Compliance with the Academy Trust Handbook

- Prior DfE approval must be obtained before the Trust commits to or enters into any transaction for which approval is required. Internal approval does not replace DfE approval.
- Every novel, contentious or repercussive transaction must be approved by DfE before it is agreed or occurs, regardless of value.
- Special payments and severance must have:
    - documented business case and value-for-money assessment;
    - appropriate legal advice;
    - records of the management and approval process;
    - DfE approval for a special element of £50,000 or more;
    - DfE approval where an exit package of £100,000 or more includes special severance;
    - DfE approval where the employee earns over £174,000;
    - DfE approval for novel, contentious or repercussive payments;
    - DfE approval before including a confidentiality clause in a special severance agreement;
    - DfE approval for all ex gratia payments.
- Prior DfE approval is required where a write-off, guarantee, letter of comfort or indemnity outside the normal course of business exceeds:
    - 1% of total annual income or £45,000, whichever is lower, for a single transaction; or
    - the applicable cumulative annual limit of 2.5% or 5% of annual income, subject to a £250,000 ceiling.
- The applicable cumulative percentage depends upon the Trust's record of submitting timely, unqualified audited accounts.
- Prior DfE approval is required for borrowing, including overdraft facilities, where repayment is from grant funding or borrowing is secured against grant-funded assets. This excludes finance leases on the DfE-approved list.
- If the Trust becomes subject to a Notice to Improve, it will review immediately whether its delegated authorities have been revoked. Transactions covered by the revocation must not proceed without prior DfE approval. The Notice to Improve must be published on the Trust's website within 14 days of DfE notifying the Trust of publication and retained until the notice is lifted.

Appendix 1 – Summary of Financial Scheme of Delegation

	Board of Directors	Board (Committee)	Local Academy Council	Chair of Directors and CEO	CFO	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 £10,001 - £25,000	✓	✓	✓	✓	✓	✓		
Authorise expenditure £1,001 - £10,000	✓	✓	✓	✓	✓	✓	✓	
Authorise expenditure up to £1,000	✓	✓	✓	✓	✓	✓	✓	✓
Authorise Petty Cash up to £50					✓	✓	✓	
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)	✓	✓		✓				

	Board of Directors	Board (Committee)	Local Academy Council	Chair of Directors and CEO	CFO	Head Teacher	Business Manager	Academy Budget Holders
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		✓			✓	✓	✓	