



LCC Schools Finance Handbook

Section O:

Additional Information
Prime Account Schools Only

August 2026

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SECTION 01: General

01.1 Introduction

Prime accounts should still refer to all sections of the Finance Handbook for guidance. This section is specifically for prime account school processes.

01.2 Information Requirements

Schools are required to submit quarterly Financial Returns to Lincolnshire County Council by the published due dates, as shown on the current year Prime Account Financial Return template.

Lincolnshire County Council will require certain documentation, as detailed on the current year template, to assist the Council's overall monitoring of school's expenditure. This is also required in support of the Council's published financial statements.

All schools maintaining bank accounts are strongly advised to undertake detailed monthly bank reconciliations.

Schools are required to return information for the Council's published financial statements as requested, as part of the Closure of Accounts timetable.

01.3 Private Funds

Financial transactions relating to private funds e.g. school fund should be excluded from these returns.

01.4 VAT

There is a requirement for prime account schools to produce VAT returns to enable VAT to be reclaimed. The deadline dates for the submissions are published by the VAT Team at Lincolnshire County Council.

SECTION 02: Administration of Bank Accounts

02.1 Introduction

Schools which chose to maintain their own prime accounts will receive the total Budget Share and Government Grant allocations into a local bank account from which all types of expenditure (including employee related expenditure) will be made.

02.2 Selection of Bank and Banking conditions

When selecting a bank account it must be a Clearing bank registered in the UK which offers current account and cheque book facilities. Schools should not use banks who only offer on-line accounts. If a school wishes to consider moving to a new bank provider they should contact the Treasury Manager at Lincolnshire County Council for further advice.

There are no hard and fast rules governing the selection of a bank. However, schools should have regard to the following factors:

- a) the service offered. This involves not just the bank accounts themselves but also factors such as the frequency of statements and the extent of advice and training
- b) the costs involved. Many banks offer “free” banking if accounts stay in credit (which school bank accounts must) but it is important to examine the small print of the terms and conditions for hidden charges
- c) the accessibility and opening hours of the branch of the chosen Bank and whether post office services can be linked to your bank
- d) interest rates offered and the period of notice (if any) required on deposit accounts (in general terms, the higher the interest rates, the longer the period of notice)
- e) personal relationships. It is important that those who deal with the bank on a day-to-day basis feel comfortable in their relationship with the bank’s staff.

Schools may consider that there are advantages in using the same bank as the County Council (Barclays Bank), but they are free to bank elsewhere if they wish.

Schools can open either:

- a) a deposit account and a current account
- b) a high interest (notice) deposit account, lower interest (easy access) deposit account and current account; or

- c) an interest bearing current account

Schools will not be free to open accounts with more than one bank or building society. There will not be a restriction to the number of bank accounts held by a school, however due regard should be given to the need for adequate reconciliation, maintenance and management of all accounts.

Under the bank account scheme, the signatories of school cheques and instructions to the bank act as the Agents of the Chief Finance Officer of Lincolnshire County Council. As a consequence, it will be necessary for bank signatories to be cleared as suitable persons to act in this capacity. So that this can be done, **schools should decide on their signatories (a minimum of two, up to a maximum of six are suggested for flexibility) and keep a record of this for audit purposes.** Signatories can be a mixture of senior members of staff and governors.

For internet bank facilities a minimum of two bank signatories must be listed to mirror the cheque signatory arrangements.

O2.3 Operation of Bank Accounts

Schools will be responsible for managing their own bank accounts in accordance with the relevant banking terms and conditions. This will involve managing the transfer of funds between deposit and current accounts as schools deem appropriate and reconciling bank statements to their own cash records.

Instructions to the bank, including transferring funds between accounts, must be authorised by two bank signatories.

Schools may set up standing orders and direct debits. Mandates and alterations must be signed by two authorised signatories.

O2.4 Payments - General

Payments must be made from the current account using internet banking as appropriate or by cheque, signed by two signatories.

Lincolnshire County Council operates a policy of paying invoices within 28 days from the date of the invoice. Governing bodies of schools paying their own invoices locally can determine their own payment policy provided that payments are made within 28 days (i.e. an earlier payment can be made).

When making payments to suppliers, schools should enclose or send the relevant remittance advice or make some reference to the invoice or order the payment is being made against.

Schools should endeavour only to make payments against invoices. Where it is not possible to obtain goods or services other than on a cash with order basis, a supporting documentation must be completed and authorised by a senior member of staff other than those who sign the cheque.

Credit and charge cards should only be established with the approval of the Governing Body. The Governing Body should determine which members of staff are authorised to incur expenditure using these cards and the limitations as to their use. Supporting documentation should be held for all purchases made by credit or charge cards. In respect of credit or charge cards the following procedures are recommended:

- the governing body should approve a list of authorised users and restrict the levels of cash withdrawn
- documentary proof of cash withdrawals should be returned to the person responsible for recording bank account transactions as soon as possible
- documentary proof of goods purchased with credit or charge cards, including details of the nature and cost of those goods should be returned to the person responsible for recording bank account transactions as soon after each purchase as possible
- transactions should be reconciled to statements by someone other than a card signatory on at least a monthly basis
- reconciliations should be reviewed regularly by the Headteacher, who should not be involved in either the keeping of the accounts or in the preparation of the reconciliation
- the balance on any credit or charge card should be cleared in full at the end of the month
- adjustments which arise should be dealt with promptly
- purchases made with cash is discouraged however purchases made with cash should be validated with receipts or invoices and should not exceed £150

Schools should also have regard to the County Council's Financial Procedures - 5 Income and Expenditure: [Financial procedures – Lincolnshire County Council](#) when processing payments and income via a school bank account:

- **expenditure must be incurred for the purposes of the school**
- **in order that the County Council keeps within its borrowing limits, schools may need to notify the Chief Finance Officer prior to entering into leasing or rental agreements**
- **capital expenditure may require prior formal approval by the Director of Children's Services**

- expenditure must not be incurred which will lead to overdrawn balances on the school bank account
- it is not permitted for personal cheques to be cashed through the bank account
- schools are only allowed to invest cash surpluses in their deposit or other nominated interest bearing accounts. Alternative investment methods can only be actioned after the prior written approval of the Chief Finance Officer

O2.5 Security Records

The Chief Finance Officer has a statutory responsibility to ensure the proper stewardship of the County Council's finances. School bank account signatories will act as agents of the Chief Finance Officer of Lincolnshire County Council. Within this role the school's authorised signatories will be under the same duty to prevent illegal payments being made. In the event of an illegal payment being made the signatories of the cheque or online banking can be held personally liable.

The Chief Finance Officer requires schools to maintain adequate systems of internal control in order to minimise the risk of incorrect or illegal payments. In particular, there should be adequate division of duties with the persons responsible for the raising of the orders and checking that goods have been received, being independent of those persons certifying the invoices and cheques. Senior staff should monitor arrangements to ensure control procedures are adopted and adhered to.

In order to minimise the risk of unauthorised use of the school's bank account or cash, the following should be adhered to:

- the name of the bank account must identify the name of the school
- all blank cheques issued to the school by the bank must be pre-crossed
- blank cheques must never be pre-signed or signed prior to the payees name or amount being included
- only one cheque book should be in use at any one point in time. When not in use the cheque book should be retained in a secure location (e.g. safe, lockable cabinet) together with any spare cheque books. Access should be restricted to those personnel authorised to use the bank account
- any cash, credit or charge cards should be held in a secure location and a procedure exist for signing out
- instructions to the bank, including those to transfer funds between accounts must be signed by two authorised signatories and notified to the bank in writing

- any on-line bank controls should be in place with suitable separation of duties with two authorised signatories
- effective bank reconciliations are undertaken on a regular basis
- any automated payments should be verified to ensure that they continue to be appropriate and accurate

O2.5 Retention of Financial Records

Schools should have due regard to the retention of financial records including details of the relevant bank transactions which are detailed at Section F of the Finance Handbook.

O2.6 Payments and Income

All transactions must be entered onto the local finance system.

O2.7 Bank Reconciliation Statement

Details on the completion of the Bank Reconciliation Statement are included within the Prime Account Financial Return Template.

O2.8 Bank Deposits

Prime account schools will receive a monthly bank deposit into their bank account. The original budget share will be split as follows:

- | | |
|---------------------------|--------|
| • 1 April | 1/36th |
| • 18 April to 18 February | 1/12th |
| • 18 March | 2/36th |

With the exception of the first deposit, schools will receive deposits on the 18th of each month. Deposits will be made via BACS direct into the bank accounts.

The bank deposits will include:

- Budget Share funding
- Higher Needs funding
- Early Years funding

- Grant funding including Capital
- VAT reimbursement

For new prime account status schools with a surplus carry forward, an estimate of the balance will be paid to the school on the 1st April with any further balance adjusted on the 18th September. Such schools with a deficit carry forward, will have an estimate of the balance deducted from their 1st April deposit, with a balance adjusted on 18th September.

SECTION 03: Cash Flow Administration

03.1 Introduction

Schools with bank accounts are responsible for effective cash flow planning in order to:

- ensure that no individual payment accounts become overdrawn
- forecast potential short term cash shortages so that proper action can be taken to avoid the shortage by rescheduling payments
- maximise interest on balances by transferring surpluses between current and deposit/higher interest accounts within the constraints of the points above

In order to achieve these objectives schools are advised to prepare a cash flow projection for the full twelve months ahead. A recommended format is included in the Prime Account Financial Return Template.

In constructing a cash flow statement many items of income and expenditure will be of a regular nature and can be forecast well in advance e.g. monthly deposits from the County Council to bank accounts, payments of rates by monthly instalments. Other items will be less easily forecast e.g. emergency repairs and maintenance, actual interest earned on balances.

This is the reason that cash flow projections should be updated on a regular basis and it would also be prudent for schools to maintain a reasonable contingency balance to meet unforeseen expenditure. Where available balances are estimated to be low it may be necessary to defer non-essential expenditure in the short term. Alternatively, where available balances are greater than originally planned, it may be possible either to transfer a greater amount to the deposit/interest bearing account or to bring forward expenditure plans.

In making payments from bank accounts, schools will need to balance the need to make payments early enough to benefit from any discounts allowed against the need to delay payments long enough to maximise interest earned on bank accounts. Schools should adhere to the County Council's payment policy of paying invoices within 28 days from the date of the invoice, although invoices paid locally may be made within 28 days if necessary.

Where bank account schools have been billed by another part of the County Council the Chief Finance Officer will expect payment within 28 days. This will balance the needs of the school in querying the account with the need to prevent substantial costs being incurred in recording and pursuing internal debt.

SECTION O4 Payroll & HR Functions

O4.1 Introduction

Please refer to the Finance Handbook Section P for specific guidance for prime account schools in relation to Payroll and HR functions.