



Keystone Academy Trust

Finance Policies

Created: September 2019
Last reviewed: September 2020
Next review date: October 2021

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1. Background

- 1.1. The purpose of this policy and associated procedures is to ensure that the Keystone Academy Trust ("the Trust") 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 the Trust's Funding Agreement with the Education & Skills Funding Agency (ESFA).
- 1.2. The Trust must comply with the principles of financial control outlined in the academies guidance published by the ESFA. This policy expands on that and provides detailed information on the Trust's accounting procedures. It should be read by all staff involved with finances and financial systems.
- 1.3. This policy relates to all of the Trust's academies. Adherence to the principles and procedures contained in this policy is mandatory for all staff.
- 1.4. This policy is designed to be consistent with:
 - 1.4.1. ESFA Financial Handbook
 - 1.4.2. Trust Articles of Association / Constitution
 - 1.4.3. Master and Supplemental Funding Agreements
 - 1.4.4. HM Treasury's "Regularity, Propriety and Value for Money".

This Policy also contains the following appendices:

- Appendix 1 Financial Authorisation Limits
- Appendix 2 Accounting Policies

2. Organisation

The Trust has defined the responsibilities of each person involved in the administration of the Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for directors and staff. The financial reporting structure is outlined below:

Trust Board of Directors / Finance & Audit Committee

- 2.1. The Board of Directors / Finance & Audit Committee of the Trust has overall responsibility for the administration of its academies' finances and the effectiveness of internal controls.
- 2.2. The main responsibilities of the Board are prescribed in the Trust Articles of Association, its Constitution and in the Funding Agreement between the Trust and each of its academies with the ESFA.
- 2.3. In addition, financial information needs to be prepared in accordance with company and charity law and in line with accounting standards identified by the ESFA.
- 2.4. These responsibilities in relation to financial matters include:
 - 2.4.1. Trust Board of Directors

The Board is responsible for ensuring that high standards of corporate governance are maintained, addressing such matters as:

- strategic direction
- finance policy development and strategic planning;
- ensuring sound management and administration of the Trust and its academies and ensuring that managers are equipped with relevant skills and guidance;
- ensuring compliance with general legislative requirements;
- establishing and maintaining a transparent system of prudent and effective internal controls;
- management of the Trust's financial, human and other resources;
- monitoring performance and the achievement of objectives and ensuring that plans for improvement are acted upon;
- setting the Trust's standards of conduct and values;
- assessing and managing risk, (including the preparation of a statement on academies risk management, for its annual report and accounts);
- to hold to account the Chief Executive, the Heads and Trust staff.

2.4.2. Finance & Audit Committee

The Committee is responsible for the detailed consideration as to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust and Academy finances and resources, including proper planning, monitoring and probity; most particularly by:

- assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds;
- promoting a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement;
- contributing to the formulation of each Academy's Development Plan, through the consideration of financial priorities and proposals, in consultation with the CEO, the CFO and Heads, with the stated and agreed aims and objectives of the Trust;
- considering and recommending acceptance/non-acceptance of the Trust's budget at the start of each financial year;
- monitoring and reviewing income and expenditure on a regular basis and ensuring compliance with the overall financial plan for the Trust, and with the Academies Financial Handbook, drawing any matters of concern to the attention of the Board. The committee is also responsible for audit and scrutinising the Trust and Academy internal control systems and risk management arrangements, most particularly by:
 - assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds
 - improving the quality of financial reporting by reviewing internal and external financial statements on behalf of the Board;
 - promoting a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement; and
 - promoting the development of internal controls and risk management systems which will help satisfy the Board that the Trust and its Academies will achieve their objectives and targets and are operating:

- in accordance with any statutory requirements for the use of public funds;
- within delegated authorities laid down by Board of Directors;
- in a manner which will make most economic and effective use of resources available.

The Chief Executive Officer

2.3 The Chief Executive Officer (CEO) is the Accounting Officer with responsibilities as described in HM Treasury's "Regularity, Propriety and Value for Money".

The Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which he / she is answerable. It must be ensured that, in considering proposals relating to the expenditure or income for which they have responsibilities, all relevant financial considerations are taken into account and full regard is had to any issues of propriety or regularity.

2.4 The main responsibilities of the Accounting Officer include:

- the development of the annual budget;
- the development of medium term financial planning
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE and ESFA guidance issued to academies;
- Ensuring that the regular reports provided to the Board are timely and accurate;
- authorising orders and the award of contracts within the approval limits shown in Appendix 1;
- authorising payments within the approval limits shown in Appendix 1
- authorising changes to the Trust's personnel establishment.

The Trust's Principals

2.5 Within the framework of the Trust's Development Plan, each Academy Head has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the CFO and Finance Staff but the Principal still retains financial responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Directors have agreed should be approved by them or the CEO;
- authorising orders and the award of contracts within the approval limits shown in Appendix 1;
- authorising payments within the approval limits shown in Appendix 1;
- ensuring the preparation of and delivery of the academy annual budget as approved by the Trust;
- monitoring the regular budget reports with the CFO and acting on overspends or risk. completing and submitting the census returns to the DfE
- with the CFO and Finance Teams ensuring the academy maintains sufficient financial records in order for the Trust to submit the EFA annual accounts

Chief Financial Officer

2.6 The CFO works in close collaboration with the CEO through whom he or she is responsible to the Trust board. The CFO has direct access to the Board.

The main responsibilities of the CFO are:

- the management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the Board;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of each academy;
- the preparation of budgets and medium term financial plans;
- ensuring returns to ESFA and other funding agencies are completed correctly and on time;
- ensuring returns to statutory agencies are completed correctly and on time;
- cash flow and treasury management including managing investments;
- functional management of Finance Staff (under a matrix management approach with academy line manager);
- authorising orders and the award of contracts within the approval limits shown in Appendix 1;
- authorising payments within the approval limits shown in Appendix 1.

Finance Staff

It is envisaged that each academy will have a Finance Role (full or part time) who undertakes that role albeit with a different job title

2.7 The Finance Staff work in close collaboration with the CFO.

The main responsibilities of the Finance Staff may include:

- the day to day management of financial issues;
- the day to day management of purchases including ensuring appropriate authorisation;
- assisting with the monthly management accounts in conjunction with the CFO;
- assisting with the development and monitoring of the annual budget in conjunction with the CFO;
- Ensuring that all purchases demonstrate Value for Money;
- ensure that payments are authorised within the approval limits shown in Appendix 1;
- Ensuring that financial controls are working effectively at academy level and ensuring the completeness of financial records.

Internal Audit

2.8 The Internal Auditors are appointed by the Board (through the Finance and Audit Committee) and provide Directors with an independent oversight of the financial affairs. The main duties of the Internal Auditors are to provide the Board with independent assurance that:

- the financial responsibilities of the Board are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained;
- financial considerations are fully taken into account in reaching decisions;

- risks are identified and appropriate actions put in place.

2.9 The internal auditors undertake a regular programme of reviews (at least annually) to ensure that financial transactions have been properly processed and that controls are operating effectively. A report of the findings from each visit will be provided to the Finance & Audit Committee for review.

Other Staff

2.10 Other members of staff, primarily managers, officers, administrators and assistants in Finance and Administration and budget holders, will have some financial responsibilities and these are detailed in the following sections of this policy and in individual job descriptions and roles.

All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

Conflict of Interest

2.11 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 Trust directors and senior staff (and all staff at the discretion of each school) are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. The register is open to public inspection.

2.12 The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as an immediate family member or spouse or business partner where influence could be exerted over a director or a member of staff by that person.

2.13 The existence of a register of business interests does not detract from the duties of directors and staff to declare interests whenever they are relevant to matters being discussed by the board or a committee. Those who are considered to have a conflict of interest in the business proposed must absent themselves from any such discussion or vote.

2.14 All related parties must be reported to the ESFA in line with the direction of the Financial Handbook.

3. Accounting system

3.1 The Academy Trust currently uses Sage for Academies at all its academies. All financial transactions of the Trust must be recorded on this system.

Back-up Procedures

3.2 The CFO is responsible for ensuring there are effective back up procedures for the finance system.

Transaction Processing

3.3 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this policy.

Reconciliations of Balance Sheet Accounts

3.4 The CFO and Finance Teams are responsible for ensuring all balance sheet accounts are reconciled monthly.

4. Financial Planning

4.1 The Trust and each academy will prepare both medium term and short-term financial plans. Medium term is defined as a period of three years.

4.2 The medium term financial plan is prepared as part of the Trust and Academy Development planning process. The Development Plan indicates how the Trust's and each academy's educational and other objectives / priorities are going to be achieved within the expected level of resources over the next three years.

4.3 The Development Plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to each academy and the planned use of those resources for the following year.

Development Plan

4.4 The Development Plan is concerned with the future aims and objectives of the Trust and each academy and how they are to be achieved; the Trust will set overall Core Objectives which will be turned into specific objectives for each Academy. The Development Plans will ensure that the Trust's objectives and targets are matched to the resources expected to be available.

4.5 The form and content of the Development Plan will be set by the CEO and due regard should be given to any guidance issued by the DfE.

Annual Budget

4.6 The CFO is responsible for working with the Heads, Finance Team and others to prepare a draft annual budget for consideration by the CEO.

The CEO is responsible for the approval of the budget by the Board of Directors.

4.7 The approved budget must be submitted to the ESFA by the specified date, and the CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met. A Financial Calendar will be prepared which details all the submission dates required by the ESFA.

4.8 The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the Action Plan objectives and the budgeted utilisation of resources.

Balancing the Budget

4.9 Each Academy must set a balanced budget, taking into account the current level of reserves, medium term projections and the need to invest to meet the longer term business plan.

Finalising the Budget

4.10 Once the different options and scenarios have been considered, a draft budget should be prepared by the CFO for approval by the CEO, Finance & Audit Committee and the Board. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

Monitoring and Review

4.11 Monthly management reports will be prepared by the CFO with assistance from the Finance Team and Academies. The reports will detail actual income and expenditure against budget for budget-holders and at a summary level for the CEO, Heads, CFO, Local Governing Body, Finance and Audit Committee and Board of Directors.

4.13 Monthly management accounts will be circulated to all Finance and Audit Committee members monthly.

4.14 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. The variance from the budget identifies the virements.

4.15 If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. All budget virements must be authorised as shown in Appendix 1.

5. Payroll

5.1 The main elements of the payroll system are:

- staff appointments;
- payroll administration and payments.

Staff Appointments

5.2 As part of the annual budget process, the Trust Board will approve a staff establishment for the trust and academies.

5.3 Changes (e.g. the addition of permanent full time posts) can only be made to this establishment with the approval of the CEO. This approval will be dependent upon confirmation from the Head and the CFO that adequate funding exists for the changes.

5.4 Any vacancy can only be filled following sign-off by the Head of the Academy and the CEO. This sign-off includes confirmation that consideration has been given to alternative approaches before a post is advertised.

5.5 Any adjustments to pay / benefits outside the Pay Policy must be approved by the CEO.

5.6 Subject to clauses 5.2 – 5.5, the CEO and Heads have authority to appoint staff within the authorised establishment except for the roles of Heads where other Trust directors will be involved. The CEO will approve all appointments to the senior leadership team of the Trust.

Payroll Administration and Payments

5.7 Payroll is currently outsourced and the approval of the Finance & Audit Committee is needed to change any such arrangements.

5.8 The Trust has an agreed Pay Policy. Any variations from this must be approved by the CEO.

5.9 The monthly payroll must be approved by the Head or Executive Head prior to payments being made.

5.10 Any payments or settlement agreements in relation to the termination of employment contracts must be approved by the Trust's Finance and Audit Committee in line with ESFA guidance.

6. Procurement

6.1 The Trust wants to achieve the best value for money from all its purchases. This means getting goods at the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and there is a 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 Trust;
- 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. It is particularly important in the case of the Trust that any tenders where a Trust director may have a conflict of interest are managed with utmost probity.

6.2 Transactions with connected parties, including with directors or governors, should be at cost and not include a profit element in line with ESFA guidance. All related party transactions must be registered in advance with the ESFA.

Routine Purchasing

6.3 Budget holders will be informed of the budget available to them before the start of the academic year. It is the responsibility of the budget holder to manage the budget, working with the Business Manager and/or CFO, to ensure that any expenditure is consistent with the objectives of the academy.

6.4 Appropriate authorisation limits are reviewed annually and approved by the Trust's Board (see Appendix 1).

6.5 It is necessary to take the principles of best value into account at all times although this is not necessarily the lowest cost. An explanation will need to be provided when the lowest cost quotation or tender is not accepted. Three quotations must be sought for expenditure in excess of £5,000.

6.6 Any expenditure which appears to be of a contentious or novel nature should be referred to the CFO for approval (if below £1,000) or the CEO (if above £1,000). A definition of such expenditure is that which might attract public attention.

Some examples, although this list is not exhaustive, include:

- Any payments in relation to the termination of employment contracts
- Any settlement agreements
- Any related party transactions or connected party transactions – including with directors or governors
- Any transactions with consultants.

Forms of Tenders

6.7 Details of forms of tenders and how to run a tender process are included in the separate tender policy.

Charge Cards

6.9 Charge cards can be issued to senior management and/or business managers of academies. Each card will be set with a credit limit appropriate to the card holder and must only be used for school and not personal expenditure. These cards should only be used when a supplier demands immediate payment and does not accept other payment methods e.g. internet purchases. VAT receipts should be obtained for such purchases. Receipts will be matched to the monthly statement and the monthly statement signed by the card holder. In addition, the Head must authorise each statement and the CFO must approve the Principal's statement. The balance on the purchasing card statement will be paid in full each month by direct debit.

7. Income

7.1 The main sources of income for the Trust are the grants from the DfE / ESFA. The receipt of these sums is monitored directly by the CFO who is responsible for ensuring that all grants due to the Trust are collected.

7.2 Grant funding is received from sources such as the local county and borough councils for a variety of purposes including SEN funding.

7.3 The Trust also obtains income from:

- pupils, for example trips, activities, school dinners, nursery, wraparound care
- the public, mainly for lettings.
- Other educational establishments through the Teaching School

Trips

7.4 Each academy has a specific procedure on Trips. A designated staff member must be appointed for each trip to take responsibility for the collection of sums due. The appointment must be approved by the Head.

The designated staff member will be responsible for setting the budget, ensuring the cash is collected, producing a reconciliation etc and ensuring that sufficient income is received to enable the trip's costs to be covered. The actual cost to parents should also be considered both on a trip basis and on an annual basis to ensure that excessive financial demands are not placed on parents/carers.

Lettings

7.5 Letting and hire of the Trust facilities will be conducted in line with the Lettings Policy for each academy which includes a scale of charges, which will be reviewed regularly.

Custody

7.6 Schools should minimise the number and size of cash transactions. Monies collected should be held securely in the Academy safe and should be banked and reconciled very

promptly. No monies should be taken from funds collected. Monies should be taken from petty cash not receipts.

8. Cash Management

Bank Accounts

8.1 The opening of all accounts must be authorised by the CEO and CFO who will set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

Payments and withdrawals

8.2 All cheques and other instruments authorising withdrawal from the Trust bank accounts must bear the signatures/approvals of authorised signatories as listed in Appendix 1.

This provision applies to all accounts, public or private, operated by or on behalf of the Board of Directors of the Trust.

Administration

8.3 All bank accounts must be reconciled monthly and checked by the CFO.

The CEO will periodically review the bank reconciliations.

Petty Cash Accounts

8.4 Each academy is responsible for the safe management of petty cash and petty cash limits must be agreed by the CEO. All academies are encouraged to be as cash-free as possible.

Deposits

8.5 The only deposits to petty cash should be from cheques cashed specifically for the purpose.

Payments and Withdrawals

8.6 In the interests of security, petty cash payments will be limited as shown in Appendix 1 and should only be used as a last resort. Higher value payments should be made by cheque or BACS directly from the main bank account as a cash book payment.

Administration

8.7 Petty Cash accounts will be reconciled monthly and all transactions recorded on the accounting systems monthly.

Cash Flow Forecasts

8.8 The CFO is responsible for preparing monthly cash flow forecasts for twelve months ahead to ensure that the academy has sufficient funds available to pay for day to day operations, and notifying the CEO of any likely shortfalls or surpluses.

9. Fixed assets

9.1 All fixed asset additions, as identified in paragraph 9.2, must be approved in line with spending authorities and consistent with the Trust's overall strategy for development.

9.2 All expenditure on IT equipment, IT infrastructure and related IT developments must be consistent with the Trust's overall IT strategy.

Asset register

9.3 All items purchased with a value over the academy's capitalisation limit of £2,000 must be capitalised. This may include grouping together similar items such as iPads.

9.4 All assets

- with a value of over £2000
- with a value below £2000 but considered 'attractive' must be entered on an Asset Register.

The CFO will review the Asset Register on a yearly basis to ensure completeness and identify any discrepancies.

9.5 The Asset Register helps:

- to ensure that staff take responsibility for the safe custody of assets;
- to 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;
- the external auditors to draw conclusions on the annual accounts and the Trust's financial system and
- to support insurance claims in the event of fire, theft, vandalism or other disasters;
- security & disposal of assets.

Security of Assets

9.6 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

9.7 All the items in the asset register should be permanently marked as the Trust's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, if it exceeds £500, reported to the CFO. Inventories of Trust property should be kept up to date and reviewed regularly.

Loan of Assets

9.8 Items of Trust property, except staff laptops or tablets, must not be removed from academy premises without the authority of the Head. The removal must be documented and signed by both the borrower and the Head.

9.9 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans of assets should therefore be kept under review and any potential benefits discussed with the Trust's auditors.

Disposals

9.10 Items which are to be disposed of by sale or destruction must be authorised for disposal in accordance with the Finance Regulations in Appendix 1 and, where significant, should be sold following competitive tender. The Trust must seek the approval of the ESFA

in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

9.11 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment.

In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licenses for software programmes have been legally transferred to a new owner.

9.12 The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other academy assets. If the sale proceeds are not reinvested then the Trust must repay to the ESFA a proportion of the sale proceeds.

9.13 All disposals of land must be agreed in advance with the Secretary of State.

Leases

9.14 The Trust is able to enter into operational leases as outlined in the Academies Financial Handbook.

9.15 Finance leases are classed as borrowings and can only be entered into with the specific authority of the ESFA.

9.16 All leases must be approved by the CFO and CEO in line with approval authorities.

10. Depreciation Policy

10.1 The Trust will depreciate fixed assets in line with recognised accounting standards, best practice and DfE guidelines.

10.2 Depreciation rules will be approved by the board in advance of preparing the annual statements. The current policy is shown in Appendix 2.

11. Companies Policy

11.1 The Trust will not form any companies, subsidiaries or joint ventures without the approval of the Board.

12. Reserves & Investments Policy

12.1 The Trust will build and maintain a revenue reserve fund to provide flexibility and certainty in forward planning.

12.2 The current policy is for the Trust to hold revenue reserves equivalent to two months GAG funding.

12.3 All revenue reserves are controlled by the Trust Board including those transferred in upon conversion and cannot be spent without the approval of the Board. The intention is that transferred reserves and surpluses will be retained for the benefit of the individual academy unless the board directs otherwise.

12.4 In accordance with ESFA and charity accounting standards, the Trust will maintain financial records which identify revenue reserves by academy.

12.5 The Trust will build and maintain a capital reserve fund in line with the reserves approved by the Board from time to time.

12.6 Reserve funds will be held on deposit in an interest bearing account in a UK regulated bank or in other instruments and investments as agreed from time to time by the Board.

12.7 The Trust will take a very prudent approach to any deposits or investments that it makes.

13. Charging & Remission Policy

13.1 The Trust will ensure that educational opportunities provided at the Trust during school hours are available to all students regardless of ability to pay and that other activities are charged for in a fair and transparent way. No student will be excluded from essential curriculum activities because of their parents' inability to pay.

Each Academy will have its own charging and remissions policy. Academies may charge for some optional activities which take place wholly or mainly outside academy hours. The Trust may invite voluntary contributions for these from parents. Parents who wish to discuss financial matters are able to discuss them in confidence with the Head.

In all cases, where a charge is made it will not exceed the costs of the provision.

14. Staff Expenses

14.1 The Trust Staff may claim for reasonable expenses incurred to perform their duties or to repay them for items bought on behalf of the Trust. Reasonable expenses include:

- Travel by public transport;
- Use of own car and parking (excluding home to work travel);
- Unavoidable overnight accommodation;
- Reimbursement for approved items bought on behalf of the Trust.

Rates and allowances are laid out in a schedule of allowed expenses which will be reviewed annually and are available from the Finance Offices in each academy.

14.2 Staff must submit an expenses claim form both prior to and after the expense occurring and seek approval as laid out in the Finance Regulations in Appendix 1 before being sent to the Finance Team to be paid. All claims must be accompanied by receipts.

14.3 The CFO will monitor claims to ensure compliance with this policy.

15. Directors' Expenses

15.1 Directors and members of the Trust may claim for reasonable expenses incurred by him or her when acting on behalf of the Trust, in line with the Trust schedule of allowed expenses.

Reasonable travel and subsistence expenses will include:

- Attendance at meetings of the Trust board or Local Governing Body or their sub-committees;
- Meetings with authorities, regulators, auditors etc;

- Meetings with members of staff or prospective staff connected with their official duties;
- Other official meetings.

It is expected that Directors and members will wish to minimise the level of expenses claimed so that maximum resources can be applied to the core purposes of the Trust.

Directors and members may not claim for:

- Time spent working as a Director or Member
- Loss of earnings
- Expenses in connection with foreign travel other than as allowed below.

The level of expenses that can be claimed will be no higher than that used for staff in KAT and the Academies.

16. Tax

16.1 The Trust will account for VAT strictly in compliance with the rules and regulations applicable at that time. It is the responsibility of the Finance Director to ensure compliance with VAT regulations.

16.2 The CFO will ensure that Corporation Tax returns are completed on time and in accordance with legislation.

16.3 Any payments to contractors and subcontractors are made in accordance with the Construction Industry Scheme.

17. Insurance

17.1 The Trust is a member of the DfE Risk Protection Arrangement and expects all academies to be a member of this arrangement

17.2 For items such as vehicles, engineering inspections and international trips not covered by the RPA, Academies are expected to source reasonable insurance

18. Bad Debts

18.1 The procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable will follow the bad debt policy.

18.2 Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, an invoice will be issued.

18.3 Income from lettings will be collected in accordance with the Academy Lettings Policy.

18.4 To ensure sound internal control, staff who raise invoices, will not have the authority to write off debts. The VAT element of any debt must not be written off, as this contravenes HM Revenue & Customs statutory requirements.

18.7 The Trust will retain a Bad Debt Write-Off Summary.

Dated: October 2020

Date for review: October 2021

Chair of Governors Signature.....

Date.....

Summary of Financial Authorisation Levels – Academies appendix 1

Purchasing Authorities (net of VAT)

Academy	Signing Limits	Name/Role	Example of signature
Keystone Academy Trust	>=£10k	CEO and governor	
	<£10k	CEO	
	<£1k	CFO	
Bourne Westfield	>=£10k	CEO and governor	
	<£10k	CEO/Head of School	
	<£1k	CFO (non-curriculum) Assistant Heads (curriculum areas)	
Tower Road	>=£10k	CEO/Headteacher and governor	
	<£10k	Head Teacher	
	<£1k	CFO Deputy Heads Business Manager	
Thurlby	>=£10k	CEO and governor	
	<£10k	CEO/Head of School	
	<£1k	CFO	
Long Sutton	>=£10k	CEO/Headteacher and governor	
	<£10k	Headteacher	
	<£1k	CFO Deputy Heads Business Manager	

2. Signatories for cheques and payment authorisations for individual academies and MAT (including BACS payments other than payroll)

Any two signatories/online banking authorisation from:

- CEO
- CFO
- Headteachers/Head of School

Action	Approved	Reviewed
Payroll Bacs	Head	CEO

Budget virements: -<£10k -£10k to £50k ->£50k	CFO CFO plus CEO F&A Committee	CEO F&A Board of Directors
Disposal of assets: -<£1k -£1k to £5k ->£5k	Headteacher/Head of School CFO CEO	CFO CEO F&A
Write-off of bad debts -£1k ->£1k	Headteacher/Head of School CEO	CFO F&A Committee
Purchase or sale of any freehold property	Board of Directors and DfE	
Granting or take up of any leasehold or tenancy agreement	Board of Directors and DfE	
Raising invoices to collect income	Finance Team/CFO	CFO
Petty Cash & Expense Claims	As per signing authorities. If signing authority is making a claim then alternative approval is required.	CFO

12. Charge Cards

School	Cardholder	Limit
KAT	CEO	£5,000
	CFO	£1,000
BWPA	Head of School	£3,000
Tower Road	Headteacher	£3,000
	Business Manager	£1,000
Long Sutton	Head teacher	£3,000
	Business Manager	£1,000
Thurlby	Headteacher	£3,000

Appendix 2

Accounting Policies

Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission Statement of Recommended Practice: 'Accounting and Reporting by Charities' ('SORP 2005'), the Academies: Accounts Direction issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

Grant income is included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is credited directly to the Statement of Financial Activities to the extent of the entitlement to the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

Capital grants are recognised as voluntary income on a receivable basis to the extent that there is an entitlement.

Donations

Donations are included recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income

Other income including hire of facilities is recognised in the period it is receivable and to the extent the goods have been provided or the completion of the service.

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable in incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities.

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to each activity cost category on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred on the Academy Trust's educational operations.

Governance costs include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Directors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Directors.

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency and Department for Education.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and the Department for Education and the Local Authority where the asset acquired or created is held for a specific purpose.

Tangible fixed assets - Capitalisation policy

Tangible Fixed Assets costing £2,000 or more are capitalised at cost and are carried at cost net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Property 2% pa

Fixtures, fittings and equipment 20% pa

ICT equipment 33.33% pa

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Leased assets

Rentals under operating leases are charged on a straight-line basis over the lease term.

Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multiemployer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net

finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Conversion to an Academy Trust

The conversion from a state maintained school to an Academy Trust, involves the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from a maintained school to the Academy Trust is valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for KGA Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income in the Statement of Financial Activities and analysed under unrestricted, restricted general and restricted fixed asset funds.