# Finance Policy

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KEYSTONE
ACADEMY TRUST

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## 1. Statement of Intent

It is important for Keystone Academy Trust to demonstrate that the trust uses public money appropriately. To ensure that the financial standing of the trust cannot be brought into disrepute, this policy will be implemented by all academies within the trust, guaranteeing consistency in financial procedures across the academies.

This policy applies to all employees in the trust, trustees, governors and members, as well as services and goods sourced from external agencies, such as contractors and caterers. Adherence to the principles and procedures is mandatory for all staff.

The trust takes its responsibility for handling public funds with the utmost importance and strives to continuously provide a high-quality education and safe learning environment, whilst having a strong financial standing.

## 2. Background

The purpose of this policy and associated procedures is to ensure that 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 Department for Education (DfE).

The trust **MUST** comply with the principles of financial control outlined in all academies guidance published by the DfE including the Academy Trust Handbook. 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.

This policy relates to all the trust's academies. Adherence to the principles and procedures contained in this policy is mandatory for all staff.

This policy has due regard to all relevant legislation and statutory guidance including, but not limited to, the following:

- Employment Relations Act 1999
- Companies Act 2006
- Equality Act 2010
- The Education (School Teachers' Appraisal) (England) Regulations 2012 (as amended)
- UK General Data Protection Regulation (UK GDPR)
- Data Protection Act 2018
- DfE 'Academy Trust Handbook' (ATH)
- DfE 'Declare or seek approval for related party transactions: summary guidance'
- Trust Articles of Association / Constitution
- Master and Supplemental Funding Agreements
- HM Treasury's "Regularity, Propriety and Value for Money".

This policy operates in conjunction with the following school policies:

- Academy Lettings Policy
- Articles of Association
- Charging and Remissions Policy
- Conflicts of Interest Policy
- Corruption, Fraud, Bribery & Cybercrime Policy
- Data Protection Policy
- Debt Recovery Policy
- Executive Pay Policy
- Expenses and Benefits Policy
- Financial Planning Policy
- Gifts and Hospitality Policy
- Income Policy
- Overpayment Recovery Process for Employees & Ex-Employees Policy
- Payroll Policy
- Related Party, Contentious Transactions and Register of Interests Policy
- Reserves & Investment Policy
- Risk Management Policy
- Support Staff Pay Policy
- Teachers' Pay Policy
- Purchasing, Tendering and Procurement Policy
- Whistleblowing Policy

This policy is designed to be consistent with the:

- DfE Academy Trust Handbook
- Trust Articles of Association / Constitution
- Master and Supplemental Funding Agreements
- HM Treasury's "Regularity, Propriety and Value for Money".

This Policy also contains the following appendices:

- Appendix 1 Financial Authorisation Limits

Where there is any contradiction between the trust's policy and the Academy Trust Handbook (ATH) then the ATH takes precedence.

## 3. Organisation

Trustees are responsible for ensuring financial sustainability over the medium and longer term and will monitor this through reserves, cashflow and integrated curriculum and financial planning. The trust will, where proportionate and appropriate, consider social value, sustainability and public benefit when spending public funds, alongside value for money, regularity and propriety.

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 trustees and staff:

- KAT Governance Scheme of Delegation
- KAT Committees' Terms of Reference

Responsibilities for different groups and individuals within the trust are set out in full throughout this policy. This section highlights key responsibilities.

The members are responsible for:

- Appointing, by special resolution, new members or removing existing members other than, where there is one, the foundation/sponsor body and any members it has appointed.
- Appointing trustees in line with the trust's Articles of Association.
- Where necessary, by special resolution, issuing direction to the trustees to take a specific action.
- Appointing the trust's auditors and receiving (but not signing) the trust's audited annual accounts.
- Conducting the business of the trust in accordance with company and charity law and adhering to the trust's funding agreement with the Secretary of State.

Members must not be employees of the trust or occupy staff establishment roles on an unpaid voluntary basis. The trust will ensure that members are not currently subject to a section 128 direction and will not appoint anyone as a member if they are currently subject to a section 128 direction.

The Board of Trustees cannot delegate overall responsibility for the trust's funds. However, it MUST approve a written scheme of delegation of financial powers that maintains robust internal controls.

The Board of Trustees is responsible for:

- Collective accountability and responsibility for the trust and assuring itself that there is compliance with regulatory, contractual and statutory requirements.
- Providing strategic leadership of the academy trust.
- Applying the highest standards of conduct, ensuring robust governance and taking full ownership of their duties. These are critical for effective financial management.
- Ensuring the board meets at least three times a year and conducts business only when quorate.
- Ensuring the regularity, propriety and value for money in the use of the trust's funds.
- The ownership of the trust's financial sustainability and its ability to operate as a going concern.
- Approving a written scheme of delegation of financial powers. This should be reviewed annually, and at the next available board meeting when there has been a change in trust management or organisation structure that would impact the effectiveness of any existing scheme of delegation.
- Identifying the skills and experience it needs, including sufficient financial knowledge to hold the executive to account.
- Managing conflicts of interests and related party transactions.
- Approving a balanced budget for the financial year and minuting the approval.
- Ensuring decisions about executive pay follow a robust evidence-based process reflecting the individual's role and responsibilities, and that the approach to pay is transparent, proportionate and justifiable.
- Appointing a finance committee to which the board delegates financial scrutiny and oversight, and which can support the board in maintaining the trust as a going concern.
- Appointing an audit and risk committee to advise on the adequacy of the trust's controls and risks.
- Submitting audited accounts to the DfE by 31 December.
- Ensuring an appropriate, reasonable and timely response is given to findings by auditors.

Any newly appointed senior executive leader can only be a trustee if the members decide to appoint them as such, the senior executive leader agrees, and the Articles of Association permit it. No other employees should serve as trustees.

The Board of Trustees will appoint a senior executive leader who may be appointed as a trustee – this will be the chief executive or equivalent. The board will also appoint, in writing, a named individual as the trust's Accounting Officer – this will be the senior executive leader. The individual MUST be a fit and suitable person for the role. The roles of senior executive leader and Accounting Officer will not rotate. The role of the Accounting Officer will also not be held by the same individual as the CFO.

When the senior executive leader is planning to leave the trust, the Board of Trustees will approach the trust's Regional Director in advance to discuss the trust's structure and options, including plans for recruitment.

**Governance Professional**

The Board of Trustees will appoint a governance professional to support the Board of Trustees who is someone other than a trustee, headteacher or chief executive of the trust. The governance professional is responsible for ensuring the efficient functioning of the Board of Trustees by providing:

- Guidance to ensure that the board works in compliance with the appropriate legal and regulatory framework and understands the potential consequences of non-compliance.
- Independent advice on procedural matters relating to the operation of the board.
- Administrative and organisational support.

The DfE (via GIAS) will be informed within 14 calendar days if the trust appoints or terminates the contract of:

- An Accounting Officer or CFO, including their contact information.
- A Chair of Trustees, including their contact information.
- A member, trustee or governor, including their contact information.
- A headteacher, including their contact information.
- [Where adopted] A chair of a Local Governing Board, including their contact information.
- [Where adopted] A local governor.

The trust's Finance, Audit and Risk Committee are responsible for:

[Trusts with an annual income over £50 million **MUST** have a dedicated audit and risk committee. Other Trusts **MUST** either have a dedicated audit and risk committee or can combine it with another committee, such as finance.]

- Directing the trust's programme of internal scrutiny and reporting to the board on the adequacy of the trust's financial and other controls and management of risks.
- Ensuring that the committee should have at least one member who has recent or relevant accountancy, or audit assurance experience.
- Ensuring that all committee members have appropriate financial training.

- Ensuring that risks are being addressed appropriately through internal scrutiny.
- Reviewing the external auditor's plan each year.
- Reviewing the annual report and accounts.
- Reviewing the external auditor's findings and actions taken by the trust's managers in response to those findings.
- Assessing 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.
- Producing an annual report of the committee's conclusions to advise the Board of Trustees and members, including recommendations on the reappointment, dismissal or retendering of the external auditor, and their remuneration.
- Reviewing the budget for their academy and making recommendations for approval to the Board of Trustees.
- Ensuring that any grants are used for the purposes intended.
- Reviewing the actual income and expenditure against the approved budget for their academy and making recommendations to the Board of Trustees.
- Making recommendations to the Board of Trustees in relation to the appointment, pay and contractual terms of members of the SLT in their academy.
- Approving recommendations from their academy's headteacher in relation to the appointment, pay and contractual terms of members of staff other than members of the SLT.
- Appointing the CFO in conjunction with the CEO.

**The Chief Executive Officer / Accounting Officer**

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 role includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament and to DfE's Accounting Officer for the trust's financial resources.

The following definitions are set out below:

- **Regularity:** the proposed transaction is compliant with the framework of authorities of the department or body concerned. That the transaction under consideration has sufficient legal basis, parliamentary authority, and Treasury authorisation; is compatible with the agreed spending budgets, the wider legal framework (for example subsidy control and procurement law), and the requirements regarding spending set out in this document.
- **Propriety:** the proposal meets high standards of public conduct and relevant Parliamentary control procedures and expectations, including compliance with any conventions or commitments made to Parliament and cross-cutting government policies or standards, as well as the standards of conduct and good governance, as set out in this document.
- **Value for money:** in comparison to alternative proposals or doing nothing, the proposal delivers the stated policy objectives in a way that represents good value for the Exchequer as a whole, taking into consideration the chances of different degrees of success or failure.
- **Feasibility**: the proposal can be implemented accurately, sustainably, and to the intended timetable with the resources available and without incurring wasteful or nugatory spend.

The three aspects of value for money are:

- **Economy:** reducing the cost of resources used for an activity, while maintaining quality.
- **Effectiveness:** achieving the intended outcomes or objectives.
- **Efficiency:** achieving maximum output for given inputs, or minimum inputs for a given output.

The Accounting Officer **MUST** adhere to The Seven Principles of Public Life.

The Accounting Officer **MUST** have oversight of financial transactions, by:

- ensuring the trust's property and assets are under the trustees' control and measures exist to prevent losses or misuse
- ensuring bank accounts, financial systems and financial records are operated by more than one person
- keeping full and accurate accounting records to support their annual accounts

**The Accounting Officer's annual statement**
The Accounting Officer **MUST** complete and sign a statement on regularity, propriety and compliance each year and submit this to DfE with the audited accounts. The Accounting Officer **MUST** also demonstrate how the trust has secured value for money in the governance statement in the audited accounts.

**The Accounting Officer's duty to raise concerns**
The Accounting Officer **MUST** take personal responsibility (which **MUST not** be delegated) for assuring the board that the trust is complying with the funding agreement and handbook. This includes applying candour and transparency in discussions with the board relating to, but not limited to, financial assurance, financial management, financial reporting and irregularity.

The Accounting Officer **MUST** advise the board, in writing, if action it is considering is incompatible with the articles, funding agreement or handbook. This includes where such action conflicts with the duties of the Accounting Officer, to ensure regularity, propriety, value for money and feasibility.

Similarly, the Accounting Officer **MUST** advise the board, in writing, if the board fails to act where required by the funding agreement or handbook. Where the board is minded to proceed, despite the Accounting Officer's advice, the Accounting Officer **MUST** consider the board's reasons and, if the Accounting Officer still considers the action proposed by the board is in breach of the articles, the funding agreement or handbook, the Accounting Officer **MUST** notify DfE's Accounting Officer immediately in writing.

**The Trust's Headteachers**

Each academy headteacher is responsible for:

- Overall executive responsibility for their academy's activities including financial activities.
- Approving new staff appointments (subject to final approval by CEO/COM) within the authorised budgeted establishment, except for senior staff posts for which the Board of Trustees have agreed be approved by them or the CEO
- Ensuring staff are aware of the Procurement, Tendering and Procurement Policy and the evidenced need for value for money in all purchases.

- Ensuring staff are aware of the Expenses and Benefits Policy and only appropriate claims are approved.
- Authorisation of orders and contracts within the approval limits in Appendix 1.
- Approval of payments within the approval limits in Appendix 1.
- Involved in the preparation and delivery of the annual budget as approved by the trust.
- Monitoring the regular management accounts and acting on overspends or risk.
- Ensuring, with their purchase administration and Central Finance Team, their academy maintains sufficient financial records in accordance with DfE requirements, submissions and Companies Act compliance.

**Chief Financial Officer and Finance Team**

The CFO and the Deputy CFO work with the CEO and Deputy CEO. The CFO has direct access to the board.

The board MUST appoint a CFO to whom responsibility for the trust's detailed financial procedures is delegated. The CFO should play both a technical and leadership role including attendance at Finance, Audit and Risk meetings to assist the trustees in providing effective financial oversight.

The CFO should be employed by the trust, and the trust MUST obtain prior DfE approval if it is proposing, in exceptional circumstances, to appoint a CFO who will not be an employee.

Skills and experience

The CFO and their finance staff MUST be appropriately qualified and/or experienced. The trust MUST assess whether the CFO, and others holding key financial posts, should have qualifications in business (such as the CIPFA qualification developed in partnership with the ISBL) or an accountancy qualification and hold membership of a relevant professional body, depending on the risk, scale and complexity of financial operations.

When the trust exceeds 3,000 pupils the CFO should hold a professional accountancy qualification from a professional body such as the ICAEW, ACCA, CIMA, CIPFA or equivalent.

For trusts with over 3,000 pupils any CFO recruitment exercise commencing on or after 1 October 2026 should specify that the person should be a qualified accountant, and a member of the relevant professional accountancy body and/or hold the CIPFA level 7 qualification.

For trusts with over 3,000 pupils any CFO recruitment exercise commencing on or after 1 September 2027 MUST specify that the person SHOULD be a qualified accountant, and a member of the relevant professional accountancy body and/or hold the CIPFA level 7 qualification. If the trust is planning to appoint a new CFO, who is not a qualified accountant or holds the CIPFA level 7 qualification, the DfE MUST be informed in advance including an explanation of why the trust is not appointing a qualified accountant or holder of the CIPFA level 7 qualification.

CFOs and other key financial staff should maintain continuing professional development and/or personal development and undertake ongoing training.

The main responsibilities of the CFO are:

- Acting as the principal finance officer for the trust with direct access to the board.
- Ensuring that the trust's financial position is managed at a strategic and operational level within the framework for financial control determined by the Board of Trustees.

- Ensuring that all financial matters focus on the wider needs of the trust, rather than on any individual academy.
- Working with internal auditors to provide assurance to the Finance, Audit and Risk Committee and Board of Trustees.
- Ensuring the annual accounts are properly presented and adequately supported by the underlying books and records of the trust.
- Preparing budgets and medium-term financial plans with stakeholders.
- Challenging staff to ensure that value for money is routinely obtained.
- Ensuring effective financial policies are in place across the trust.
- Liaising with the headteacher from each academy regarding financial matters.
- Functional management of Central Finance Team.
- Authorisation of orders and contracts within the approval limits shown in Appendix 1.
- Authorisation of payments within the approval limits shown in Appendix 1.
- Preparation and submission of VAT returns.
- Maintaining CPD and undertaking relevant ongoing training.

**Finance Staff**

Financial processing within Keystone is primarily centralised with each academy having an administrator with purchasing responsibilities who liaises with the Central Finance Team.

The Central Finance Team staff work in close collaboration with the CFO.

The main responsibilities of the finance staff may include:

- Working in close collaboration with stakeholders.
- Day to day management of all financial transactions, ensuring appropriate procedures and approvals have been followed.
- Preparation of monthly management accounts.
- 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.

**Other Staff**

Other members of staff, primarily leaders, central team, line managers, officers, administrators, assistants 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.

All other trust employees' key financial responsibilities include:

- Security of trust assets and property to avoid loss or damage
- Ensuring economy and efficiency in the use of resources
- Compliance with trust financial processes.

**Basic Control Principles**

The trust MUST have sound internal control, risk management, and assurance processes. This should follow a tiered approach comprising:

- Clearly communicated procedures, structures and training for staff
- Appropriate day to day supervision and checks by management
- Internal scrutiny overseen by the Finance, Audit and Risk Committee
- External audit and assurance.

The control framework MUST:

- Ensure delegated financial authorities are complied with
- Maintain appropriate segregation of duties
- Co-ordinate the planning and budgeting process
- Apply discipline in financial management, including managing debtors, creditors, cash flow and monthly bank reconciliations
- Plan and oversee capital projects, including those relating to estates safety
- Manage and oversee assets and maintain a fixed asset register
- Ensure regularity, propriety and value for money in the trust's activities
- Ensure a risk register is maintained and reviewed by the board, drawing on advice provided to it by the Finance, Audit and Risk Committee
- Reduce the risk of fraud and theft
- Deliver independent checking of controls, systems, transactions and risks.

## 4. Internal Audit

The trust MUST have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively.

Internal Scrutiny

The Finance, Audit and Risk Committee (FAR) MUST:

- Oversee and approve the trust's programme of internal scrutiny.
- Meet at least three times a year and as necessary to fulfil its responsibilities.
- Ensure that risks are being addressed appropriately and in a timely manner so that higher risk areas are reviewed in good time.
- Ensure that all findings are made available to all trustees promptly.
- Report to the board on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risk.
- Keep its internal review approach under review. If it changes size, complexity, or risk profile, it should consider whether its approach remains suitable.

Oversight **MUST** ensure information submitted to the DfE that affects funding is accurate and complies with funding criteria.

Trust employees should not be FAR committee members, but the Accounting Officer and CFO should attend to provide information and participate in discussions.

The Chair of Trustees should not be the chair of the FAR committee.

The committee MUST:

- have written terms of reference.
- agree a programme of work annually to deliver internal scrutiny that provides coverage across the year, agree who will perform the work and consider their reports and the trust's progress in addressing recommendations.
- review the ratings and responses on the risk register to inform the programme of work.
- have access to the external auditors, as well as the internal scrutineers.

Internal scrutiny will be conducted within the trust and directed by the Finance, Audit and Risk Committee, alongside the work of a board-appointed external third-party auditor, to provide independent assurance and oversight to the board that its financial and other controls, and risk management procedures, are operating effectively. The external third-party auditor will be a member of a relevant professional body. Where trust employees carry out the checks they MUST report directly to the committee which in turn then provides assurance to the trustees. NB – Internal scrutiny MUST NOT be performed by members of the senior leadership team or finance team.

Internal scrutiny will focus on:

- Evaluating the suitability of, and level of compliance with, financial and non-financial controls, including assessing whether procedures are designed effectively and efficiently, and checking transactions to confirm whether agreed procedures have been followed.
- Offering advice and insight to the board on how to address weaknesses in financial and non-financial controls.
- Ensuring all categories of risk are being adequately identified, reported and managed.

The programme of internal scrutiny will be covered by a scheme of work, driven and agreed by the Finance, Audit and Risk Committee, and informed by reviewing the risk register. The programme of work will be spread appropriately over the year to ensure higher risk areas are reviewed in good time. With reference to its risk register, the trust will identify on a risk basis the areas it will review each year and modify its checks accordingly.

Internal scrutiny will take account of output from other assurance providers to inform the programme of work. Independence in internal scrutiny will be achieved by establishing appropriate reporting lines whereby those carrying out checks report directly to a committee of the board. Internal scrutiny will be kept under review and if any changes in size, complexity or risk profile become apparent, the trust will consider whether its approach remains suitable.

The trust will confirm, in its governance statement, the method(s) it uses for internal scrutiny and why these are used.

The trust may also use other individuals or organisations where specialist non-financial knowledge is required. Where this is done, the trust will reflect the individual's or organisation's findings, recommendations and conclusions as part of the summary document submitted to the DfE.

Findings arising from internal scrutiny will be used to inform the Accounting Officer's statement of regularity in the annual accounts.

Regular reports of the programme of work will be provided at each FAR committee meeting, including recommendations to enhance financial and other controls and risk management.

The trust will submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions to the DfE by 31 December each year when it submits its audited annual accounts. If requested, the trust will also provide any other internal scrutiny reports.

## 5. Conflict of Interest & Related Parties

Reference: Conflict of Interests Policy and Related Party, Contentious Transactions and Register of Interests Policy

It is essential for anyone involved in spending public funds to demonstrate that they (and their related parties) do not personally benefit from the decisions that they make. To avoid misunderstanding all members, trustees, governors, senior staff members (and all staff at the discretion of the trust) are required to declare any financial interests they have in companies or individuals that the trust may purchase goods or services from. This register is open to public inspection. The existence of the register does not detract from the duties of trustees and staff to declare interests whenever they are relevant to matters being discussed by the board, committee or senior staff meetings. Those considered to have a conflict MUST absent themselves from any related discussion or vote.

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 trustee or a member of staff by that person.

The trust should consider whether other interests should be registered, and if in doubt, should do so.

The existence of a register of business interests does not detract from the duties of trustees 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.

Related Parties are defined in the ATH. All academies within the trust will act in accordance with the Related Parties Policy and the Related Parties Register.

The trust will not require approval from the DfE for the provision of services for essential functions fundamental to the trust's religious character and ethos which can only be provided by the religious authority.

## 6. Finance & Accounting

**Record Keeping**

All financial transactions of the trust are recorded including, but not limited to, the following:

- Purchases and tenders
- Returns
- Payroll
- Cash flow
- Income and expenditures

- VAT transactions

The CFO and Finance Team are responsible for keeping up-to-date records of the whole trust's financial state. Records will include the following information:

- Income and expenditure; identifying which transactions were cheques and which were cash payments
- The income and expenditure for each activity, with the activity recorded as a budget heading
- A balance sheet which identifies total income, expenditure and the balance for each budget heading
- The total income and expenditure for the year
- The balance and carry forward from the previous year
- Identified profit and loss – any causing concern is investigated

Each academy has its own set of financial records for day-to-day operational purposes and budget management. A record will be kept by the schools of all the monies kept on the premises prior to banking.

**Management Accounts**

The trust MUST prepare monthly management accounts setting out its financial performance and position. These MUST:

- Include an income and expenditure account identifying variations to the budget
- Include cashflow forecasts
- Include balance sheet
- Be evidenced as shared with the Chair of Trustees every month
- Be considered by the board when it meets so the board can be assured that it has appropriate oversight of the trust's financial position

The board MUST ensure appropriate and timely action is taken to maintain financial viability, including addressing variances between the budget and actual income and expenditure.

**The accounting officer MUST notify the trust board where it is identified that the trust's ability to operate as a going concern is at risk and for the trustees to take ownership and the necessary action, including contacting the DfE.**

Commented [GA1]: Should this be including contacting the DfE?

Commented [ST2R1]: @G Arnold I agree - that would read better. Thanks.

**Annual Accounts**

The trust will maintain accounting records and prepare an annual report and audited accounts in line with the Charity Commission's Statement of Recommended Practice and the DfE's 'Academies Accounts Direction'.

The audited accounts will be:

- Submitted to the DfE by 31 December each year.
- Published on the trust's website by 31 January.
- Filed with Companies House in accordance with company law requirements, usually by 31 May.
- Provided to every member (under the Companies Act).

- Provided to anyone who requests a copy.

All copies of the accounting audit will be stored and filed securely, in line with the trust's Data Protection Policy.

Keystone Academy Trust currently uses web-based financial software at all its academies. All financial transactions of the trust MUST be recorded on this system.

Back-up Procedures: The CFO is responsible for ensuring there are effective back up procedures for the finance system including cloud based.

Transaction Processing: All transactions input to the accounting system MUST be authorised in accordance with the procedures specified in this policy.

Reconciliations of Balance Sheet Accounts: The Central Finance Team is responsible for ensuring all control accounts and balance sheet accounts are reconciled monthly.

## 7. Financial Planning

Reference: Please refer to the Financial Planning Policy and the Reserves and Investments Policy.

The Board of Trustees (and any separate responsible committee) MUST:

- Ensure that financial plans are prepared and monitored, satisfying itself that the trust remains a going concern and financially sustainable.
- Take a longer-term view of the trust's financial plans consistent with the requirement to submit 3-year budget forecast to the DfE.
- Set a policy for holding reserves, and explain in its annual report, including a clear plan for managing reserves.
- Approve and minute their approval of a balanced budget, and any significant changes to it, for the financial year to 31 August which can draw on unspent funds brought forward from the previous year. This is following the Finance, Audit and Risk Committee scrutinising the proposed budget and putting it to the Board of Trustees for ratification.
- Ensure budgets for the current year and beyond, and any revised outturns for the full year, are compiled accurately, based on realistic assumptions including any provision being made to sustain capital assets, and reflect on lessons learned in previous years.

The Board of Trustees should:

- Challenge any pupil number estimates as these underpin revenue projections and review these termly.
- Undertake an integrated approach to curriculum and financial planning in their schools.
- Take advantage of the benchmarking tools and refer to the DfE's material on maximising value for their pupils for support on effective resource management. To help manage capital assets and budgets, including the safety of pupils and others on the school estate, they should refer to the "Good estates management for schools" guidance including the organisation "self-assessment tool", "top 10 estate checks for boards" and material on "strategic estate management".

**The Board of Trustees will notify the DfE within 14 calendar days of its meeting, if proposing to set a deficit revenue budget for the current financial year, which it cannot address after taking into account unspent funds from previous years, as this would be non-compliant with the funding agreement and the Academy Trust Handbook.**

## 8. Payroll

All payroll transactions relating to trust staff, permanent or casual, will be processed through the payroll system. Payments for employment will not be made through any other mechanism.

Each academy within the trust will act in accordance with the Teachers' Pay Policy and Support Staff Pay Policy as well as to the Payroll Policy.

## 9. Procurement

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.

The trust MUST ensure:

- Spending has been for the purpose intended and there is propriety in the use of public funds, including in relation to any of the actual or perceived conflicts of interest.
- Spending decisions represent value for money.
- Internal delegation levels are applied.
- A competitive procurement procedure is in place and incorporated into the trust's financial framework, and the procurement rules and thresholds in the Procurement Act 2023 and its associated regulations
- Appropriate due diligence is in place
- Professional advice is obtained where appropriate.

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. Spending reflects the purpose intended by Parliament.
- **Accountability** - the trust is publicly accountable for its expenditure and the conduct of its affairs. Internal delegation levels exist and are employed.
- **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 Trustee may have a conflict of interest be managed with utmost probity.
- **Value for Money**

All academies within the trust will ensure that a competitive procurement procedure is in place; act in accordance with the trust's Purchasing, Tendering and Procurement Policy and comply with the Procurement Act 2023 and associated regulations. Procurements and contracts commenced under the Public Contracts Regulations 2015 shall continue to be managed in accordance with the applicable transitional provisions.

The trust will use the DfE's Get Help Buying for Schools service where possible. The trust will also refer to the Buying for schools: how to buy what you need tool to help obtain value for money and apply relevant procurement regulations, where appropriate. The trust should consider DfE opportunities when making purchasing decisions for goods and services.

Full details of the trust's procurement processes are outlined in the Purchasing, Tendering and Procurement Policy.

Transactions with connected parties, including with trustees, members or governors, and senior staff should be at cost and not include a profit element in line with DfE guidance. All related party transactions MUST be registered in advance with the DfE.

## 10. Charge Cards

Charge cards linked to a trust bank account are issued to personnel under the Scheme of Delegation to pay for goods and services when the normal ordering processes are not possible. The procurement of goods and services using charge cards will be kept to a minimum and monitored by Central Finance Team.

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.

Charge cards can be issued to senior management of the academies. **PIN numbers are not issued, and charge cards MUST not be removed from the school site except in specific circumstances.** If a charge card is taken off site it can only be done by the card holder themselves who will become responsible for any financial loss resulting from the misuse of the card while off site.

While on-site the charge card should be locked up when not in use and only used by the card holder or the purchase administrator with the card holder's permission. No other persons are permitted to use the cards. Card details should NOT be stored on computers.

VAT receipts should be obtained for such purchases. Receipts will be matched and reconciled to the monthly statement by Central Finance. The administrator with purchasing responsibilities will collate the information and provide it to the Central Finance Team. They will confirm the completeness of the records. The balance on the purchasing card statement will be paid in full each month by direct debit.

## 11. Income

Reference: KAT Income Policy.

The trust does not currently GAG-pool and so all academies retain their own income entitlements. The trust will set any fees for its chargeable services at full cost but can apply an additional rate of return when in a commercial environment.

The main sources of income for the trust are the grants from the DfE. The receipt of these sums is monitored directly by Central Finance Team who are responsible for ensuring that all grants due to the trust are collected.

Grant funding is received from sources such as the local county and borough councils for a variety of purposes including SEN funding. The trust also obtains income from:

- pupils, for example trips, activities, school dinners, nursery, wraparound care
- the public, mainly for lettings.

Please refer to the trust Income Policy for more details.

**Trips**

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 Headteacher.

The designated staff member will be responsible for setting the trip budget, ensuring that parental payments are collected, producing a reconciliation etc. and ensuring that sufficient income is received to enable the trip's costs to be covered. Where applicable, the reconciliation should include comments on expected losses on trips and how these will be covered (e.g. ten children using pupil premium funding). The actual cost to parents/carers should also be considered both on a trip basis as well as an annual basis to ensure that excessive financial demands are not placed on families.

Where a trip is arranged through a travel company, the Tour Operators Margin Scheme is likely to apply on their supply. The trust will not recoup the VAT element of journeys in the UK or abroad which are identified in invoices because the VAT is not identified separately on the supply from the tour operator. The total cost from the travel agent is the total cost to the academy.

**Lettings**

Letting and hire of the trust facilities will be conducted in line with the Lettings Policy for each academy. All lettings MUST be set at a minimum break-even price.

## 12. Cash Management

The trust has robust procedures in place to manage its cash position and will avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing.

**Accounts**

The opening of all accounts MUST be authorised by the CEO and CFO. If the terms of the bank account differ from existing accounts, then the CEO and CFO MUST 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**

All cheques and other instruments authorising withdrawal from any of the trust's bank accounts will bear authorising signatures or electronic signatures in line with the Scheme of Delegation as listed in Appendix 1.

Headteachers are responsible for approving the payment run for their schools before it is sent to the CEO for final approval. The payment run is then electronically transferred from the accounting system to the bank for authorisation by the trust signatories.

In exceptional circumstances, such as during the holidays and/or if a supplier threatens to terminate a service, a payment may be made without the headteacher's approval. In such cases the CEO and the CFO/DCFO will approve the payment (normally processed as a faster payment).

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

**Administration**

All bank accounts MUST be reconciled monthly by Central Finance and checked by the CFO.

**Cash**

Keystone Academy Trust is a cash-free trust, although it recognises that on occasion cash will need to be held temporarily before banking. For this purpose, a locked cash tin may be kept at each academy within the trust, which is the responsibility of the headteacher, with the maximum amount of £nil being stored in the tin. Any higher amounts MUST be banked within a week of receipt. The headteacher is responsible for the management of cash held on site and will:

- Ensure cash is held securely until banked.
- Make the cash available for checking at any time.
- Record all cash transactions.

In the interests of security, no cash payments can be made, or monies withdrawn or "borrowed" from cash temporarily held on site. All payments will be made via online banking, charge card or cheque. Any monies placed in the petty cash tin for security until banking MUST be counter-signed by two employees to confirm the amount counted and placed.

**Cash Flow Forecasts**

The Central Finance Team will prepare cash flow forecasts to ensure that the trust has sufficient funds available to cover day-to-day operations. The Central Finance Team will record all transactions regarding cash flow for the trust. When producing cash flow forecasts, if significant balances can be foreseen, steps will be taken to invest the surplus funds in line with the Reserves and Investments Policy.

**Borrowing and debt**

Prior approval will be obtained from the DfE before borrowing from any source, where such borrowing will be repaid from grant monies or secured on assets funded by grant monies. This includes writing-off debts and losses, entering into guarantees or letters of comfort, and entering into indemnities which are not in the normal course of business.

Charge cards will only be used for business expenditure. Charge card balances are automatically cleared by direct debit each month. Charge cards will not leave the trust premises of the cardholder except in exceptional circumstances upon which the cardholder remains responsible for any misuse or losses.

The trust will prepare and monitor financial plans to ensure ongoing financial health.

The trust will disclose aggregate figures for transactions of any amount and separate disclosure for individual transactions above £5,000 in its audited accounts for writing off debts and losses, as well as guarantees, letters of comfort and indemnities.

Debts will not be written off without the express approval from the Board of Trustees in line with the trust policy on bad debt recovery. The trust will always pursue the recovery of amounts owed to it, including overpayments, or erroneous payments. In practice, however, there will be practical and legal limits to how each individual case should be handled.

## 13. Fixed Assets

The trust will obtain prior approval from the DfE for the following transactions:

- Acquiring a freehold of land or buildings
- Disposing of a freehold of land or buildings
- Disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the trust's funding agreement for the disposal of assets generally

Other than the transactions outlined above, the trust does not need the DfE's approval to dispose of any other fixed assets.

Any disposal will maintain the principles of value for money, regularity and propriety.

All fixed asset additions MUST be approved in line with spending authorities and consistent with the trust's overall strategy for development.

All expenditure on IT equipment, IT infrastructure and related IT developments MUST be consistent with the trust's overall IT strategy.

The Board of Trustees will refer to the DfE's 'Good estate management for schools' guidance to help them to manage capital assets and budgets.

**Fixed Asset Register**

The trust will hold two types of Fixed Asset Register:

- For the purpose of financial reporting, capitalised items with a value equal to or over £5,000, or with a value below £5,000 but considered 'attractive' or portable MUST be entered on an Asset Register. This may include grouping together similar items such as iPads.
- For the purposes of managing IT assets, each school will maintain an asset register of their IT items on an asset-by-asset basis.

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

Both Asset Registers help:

- 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**

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

All the items in the asset register should be permanently marked as the trust's property where appropriate.

**Loan of Assets**

Items of trust property, except staff laptops or tablets, MUST not be removed from academy premises without the authority of the Headteacher. The removal MUST be documented and signed by both the borrower and the Headteacher.

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**

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

Disposal of equipment to staff is not encouraged, as it is 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.

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 DfE a proportion of the sale proceeds.

**Leases**

Please refer to Lease and Rental Section within the Purchasing, Tendering and Procurement Policy.

## 14. Depreciation Policy

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

Depreciation rules will be approved by the board in advance of preparing the annual statements.

The current policy is shown in the financial statements for the trust.

## 15. Companies Policy

The trust will not form any companies, subsidiaries or joint ventures without the approval of the board.

## 16. Reserves & Investments Policy

**Reference: Refer to Investment & Reserves Policy.**

**Investments**

Where the Board of Trustees wishes to make investments to further the trust's charitable aims, it will ensure that investment risks are properly managed. When considering an investment, the board will:

- Act within its powers to invest as set out in the Articles of Association.
- Act in line with the trust's Reserves and Investment Policy and review this policy on a regular basis.
- Ensure value for money.
- Take advice from professional advisers where appropriate.
- Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation.
- Ensure investment decisions are in the best interests of the trust.

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

Prior approval will be sought from the DfE before all investment transactions that are novel, contentious and/or repercussive, regardless of value.

**Reserves**

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 future surpluses/deficits will be retained by the individual academy unless the board directs otherwise.

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

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

The trust can build and maintain a capital reserve fund in line with the reserves approved by the board from time to time.

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.

## 17. Trustees' Expenses

Reference: KAT Expenses and Benefits Policy.

## 18. Executive Pay

Reference: KAT Executive Pay Policy.

The Board of Trustees will ensure that executive pay (including salary and any other benefits), follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual will be involved in deciding their salary.

The Board of Trustees will discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable, including:

- **Process** – that the procedure for determining executive pay and benefits is agreed by the board in advance and documented. The board ensures that both pay and benefits are kept proportionate.
- **Independence** – decisions about executive pay and benefits reflect independent and objective scrutiny by the board and conflicts of interest are avoided.
- **Robust decision-making** – factors in determining pay and benefits are clear, including whether educational and financial performance considerations, and the degree of challenge in the role, have been considered.
- **Proportionality** – pay and benefits represent good value for money and are defensible relative to the public-sector market.
- **Commercial interests** – the board is sighted on broader business interests held by senior executives and is satisfied that any payments made by the trust to executives in relation to such interests do not undermine the transparency requirements for disclosing pay in accordance with the Academies Accounts Direction.
- **Documentation** – the rationale behind the decision-making process, including whether the level of pay and benefits reflects value for money, is recorded and retained.
- A basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term.
- Understanding that inappropriate pay and benefits can be challenged by the DfE, particularly in any instance of poor financial management of the trust.

The trust publishes on its website, in a separately readily accessible form, the number of employees whose benefits exceeded £100,000, in £10,000 bandings for the previous year ended 31 August.

Benefits for this purpose include salary, the trust's pension contributions, other taxable benefits and termination payments, but not the trust's own pension costs. For employees who are trustees, their salary and other benefits will also be disclosed in £5,000 banding in the trust's financial statements.

Where the trust has entered into an off-payroll arrangement with someone who is not an employee, the amount paid by the trust for that person's work will also be included in the website disclosure where payment exceeds £100,000, as if they were an employee.

Information about the gender pay gap in the MAT is published on the trust's website and on the government's reporting website.

## 19. External Auditing

Appointment

The trust will appoint an external auditor to give an opinion on whether its annual accounts present a true and fair view of the trust's financial performance and position. In addition, the auditors will provide an opinion as to whether the annual report and accounts have been prepared in accordance with the Charity Commission's Statement of Recommended Practice (SORP) and the DfE's Accounts Direction. The auditors will also provide a regularity assurance conclusion.

The contract with the external auditor will be in writing and be accompanied by a letter of engagement that only covers the details of the external audit including the requirements of the DfE.

The letter of engagement will also include details of the removal of external auditors, before the expiry of the term of office, in exceptional circumstances. The ATH should be referred to for the process for the removal/resignation of the auditors. There will be a separate letter of engagement for additional services beyond the prescribed audit.

The trust will retender its external audit contract at least every five years. The exception to this is if the incumbent auditors offer a fee rate known to be less than market rates. This is to avoid the unnecessary expenditure on the purchasing process.

The Board of Trustees will notify the DfE immediately of the removal or resignation of the auditors.

Oversight and Findings

The Board of Trustees, taking advice from the Finance, Audit and Risk Committee, MUST ensure there is an appropriate, reasonable and timely response by the trust's management team to findings by the external auditors, taking opportunities to strengthen systems of financial management and control.

Specifically, the Finance, Audit and Risk Committee MUST:

- Review the external auditor's plan for 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 – consult to ATH for specific considerations.
- Report the committee's conclusions annually to the Board of Trustees and members, including recommendations on the reappointment, dismissal or retendering of the external auditor, and their remuneration.

The Accounting Officer's Statement

The Accounting Officer's statement on regularity, propriety and compliance MUST be included in the trust's annual accounts. This will take the form of a declaration by the Accounting Officer that they

have met their responsibilities to DfE's Accounting Officer and to Parliament for the resources under their control during the year.

The external auditor will conduct and include a review of the accounting officer's statement within their remit. Their conclusions on regularity will be addressed jointly to the trust and the DfE.

The audited report and accounts MUST be:

- Submitted to DfE by 31 December
- Published on the trust's website by 31 January
- Filed with Companies House by 31 May
- Provided to every member and to anyone who requests a copy.

The trust will respond promptly, reasonably and appropriately to any findings by the auditors.

## 20. Tax/VAT

The trust will account for VAT strictly in compliance with the rules and regulations applicable at that time. It is the responsibility of the Accounting Officer to ensure compliance with VAT regulations.

The trust, and the academies within it, are VAT 126 applicable for VAT and are entitled to reclaim VAT on qualifying purposes through a regular VAT return.

Under legislation, VAT claims can be made on expenditure which supports the trust's core business purposes.

A report is run for each of the academies within the trust by Central Finance, to provide the data necessary for the completion of the VAT 126 reclaim form. VAT is reclaimed regularly. Only one VAT 126 return for the trust is required by HMRC.

The trust is eligible to reclaim most of the VAT it pays on invoices from HMRC. Any invoices for which VAT cannot be reclaimed, as the purchases were not for the trust's non-business activities, are identified and deleted from the VAT126 return. Where invoices relate partly to business activity and partly to non-business activity, only the proportion of the VAT relating to the non-business activity will be reclaimed.

Where a trip is arranged through a travel company, the Tour Operators Margin Scheme is likely to apply on their supply. The trust will not recoup the VAT element of journeys in the UK or abroad which are identified in invoices because the VAT is not identified separately on the supply from the tour operator. The total cost from the travel agent is the total cost to the academy.

Reclaimed VAT will not be debited to the individual academies, but to the VAT control account of the trust.

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

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

IR35 Regulations are administered and documented.

## 21. Insurance

The trust is a member of the DfE Risk Protection Arrangement (RPA) and expects all academies to be a member of this arrangement. If a commercial insurance provider is found to be better value for money than the RPA scheme, then the trust will move providers.

For items outside the scope of the RPA such as vehicles, engineering inspections and international trips the Central Purchasing Team will secure appropriate insurance.

## 22. Bad Debts & Debt Recovery

The procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable will follow the Debt Recovery Policy.

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.

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

Overpayments to employees and ex-employees will follow the Overpayment Recovery Policy for Employees and Ex-Employees.

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.

The trust will retain a Bad Debt Write-Off Summary if required.

## 23. Contracts and Subscriptions

Contracts and Subscriptions can be categorised as:

- Fixed Term – no automatic renewal
- Fixed Term – automatic renewal
- Rolling Term

All contracts and subscriptions MUST be reviewed annually in time for cancellation or renewal. Contracts will be added to the central register of contracts to flag when this date is.

The reviews will be led by the Central Finance and Operations Team and will consult with the opinions of the Senior Leadership Team of each school.

The review will primarily consider value for money and consider:

- Price
- Proof of usage by the schools
- Impact

- Service delivery:
  - Impact of non-delivery
  - Deadline missing
  - Impact of mistakes
  - Communication
  - Hidden or Spiralling Costs.
- KAT-wide versus specific schools, and
- Staff availability to implement fully

A review will be performed more frequently if there is evidence of the supplier not meeting their contractual obligations and/or the contract/subscription not meeting the need of the trust.

## 24. Special, Novel, Contentious and/or Repercussive Payments & Delegated Authorities

**Delegated Authorities**

The trust will follow the ATH in relation to their financial freedoms and limits. Novel, contentious or repercussive transactions **MUST** always be referred to DfE for approval and the request MUST be made to, and approved by, DfE before the transaction is agreed and before the transaction occurs. The trust (irrespective of whether DfE approval is required) will disclose the aggregate figures for transactions of any amount and separate disclosure for individual transactions above £5,000 in its audited accounts for the following transactions:

- Special Payments:
  - Compensation
  - Ex gratia
  - Staff severance (of any value)
- Writing off debts and losses
- Guarantees, letters of comfort and indemnities
- Acquisition or disposal of freehold land and buildings
- Disposal of heritage assets
- Disposal of assets where a capital grant exceeding £20,000 was paid
- Taking up or granting a leasehold on land and buildings
- Gifts by the trust

**Novel, contentious, or repercussive transactions**

The trust will refer all novel, contentious or repercussive transactions to the DfE for approval, and the trust will request this approval before the transaction occurs.

- Novel transactions are those of which the trust has no experience, or are outside its range of normal business
- Contentious transactions are those that might cause criticism of the trust by Parliament, the public or media
- Repercussive transactions are those likely to set a precedent and cause pressure on other trusts or the broader public sector to take a similar approach and hence have wider financial

implications, including where a trust's proposal could cause additional costs to arise for other parts of the government or public sector.

**Special Payments**

For the purpose of this policy, special payments include:

- Staff severance payments
- Compensation payments
- Ex gratia payments

**Staff Severance payments**

Where the trust considers making a staff severance payment exceeding statutory or contractual entitlements, the following factors will be considered prior to making the commitment:

- The proposed payment is in the interest of the trust.
- The payment is justified, based on legal assessment of the chances the trust will successfully defend the case at an employment tribunal. If there is a significant prospect of losing the case, a settlement may be justified, especially if the costs of a defence are likely to be high. Where a legal assessment suggests the trust is likely to be successful, a settlement should not be offered.
- If the settlement is justified, the trust would need to consider the level of the settlement. This MUST be less than a legal assessment of what the relevant body (for example an employment tribunal) is likely to award.

The trust will not make severance payments where the money could be interpreted as a reward for failure, e.g. gross misconduct or poor performance; the only instance in which the trust may offer severance payments in the event of gross misconduct would be where the claimant would be likely to succeed in an employment tribunal because of procedural or legal errors. In the case of poor performance, the cost of a severance payment will be considered against the time and cost of taking the individual through performance management and capability procedures.

Where the trust is considering a severance payment including a non-statutory or non-contractual element of £50,000 or more (gross, before income tax or other deductions), DfE's prior approval MUST be obtained before making any offer to staff. The DfE will refer the transaction to HM Treasury so the trust will allow sufficient time for this to be considered. Value for money will be shown for all severance payments.

Settlements MUST NOT be accepted unless satisfying the conditions in the Academy Trust Handbook and the DfE's guidance and submission template.

The trust will also obtain prior approval from the DfE before making a special staff severance payment where:

- An exit package which includes a special severance payment is at, or above, £100,000.
- The employee earns over £150,000.

Compensation payments will take account of the facts of the matter ensuring value for money is achieved. For compensation equal to or greater than £50,000, prior approval from the DfE will be sought.

The trust will consider whether cases reveal concerns pertaining to the effectiveness of internal control.

Ex gratia payments will always be referred to the DfE for approval.

**Confidentiality Clauses**

The trust will ensure that confidentiality clauses associated with staff severance payments do not prevent an individual's right to make disclosures in the public interest.

**Compensation Payments**

Compensation payments provide redress for loss or injury, for example, personal injuries, traffic accidents, or damage to property. If a compensation payment is being considered, the trust will base its decision on a careful appraisal, including legal advice if relevant, and ensure value for money. The trust will refer to the ATH for guidance on associated delegated authorities.

**Ex Gratia Payments**

Ex gratia payments are another type of transaction going beyond statutory or contractual cover, or administrative rules. The trust will always refer these to the DfE for prior approval.

## Gifts

The value of any gifts will be reasonable and within the limits set out in the Gifts and Hospitality Policy.

The decision to make gifts will be documented and have regard to propriety and regularity.

The Gifts and Hospitality Policy sets out the trust's procedures relating to the acceptance of gifts, hospitality, awards, prizes and any other benefit that might be seen to compromise the judgement or integrity of the trust.

## Third Party Access Rights

The trust will provide the DfE (or its agents) with information the DfE requires to meet funding requirements.

The DfE or its agents may carry out audits and investigations at the trust. The trust will provide the DfE with access to all books, records, information, explanations, assets, premises and staff, and the DfE may take copies of relevant documents.

Where the DfE has concerns about financial management and/or governance at the trust, it may wish to obtain from third parties information or documentation about the trust which the DfE considers relevant for the purposes of its investigation. The trust will provide the DfE with written authority giving permission for any third party to provide such information to the DfE or its agents.

### Notices to Improve

Where the DfE has concerns about the trust's financial management and/or governance and has issued a Notice to Improve (NtI), the trust will comply with this notice.

The DfE will notify the trust of the date on which it published the NtI.

The trust will publish any NtI issued by the DfE on its website within 14 days of it being issued and retain this on the website until it is lifted by the DfE.

Please refer to Academy Trust Handbook for further details and guidance on Notices to Improve.

## 25. Whistleblowing and Fraud

Reference: Whistleblowing Policy and Corruption, Fraud, Bribery and Cybercrime Policy

The trust has agreed a policy and procedure for whistleblowing, and have published it on the trust website, to protect staff who report individuals they believe are doing something wrong or illegal.

The trust has also agreed a fraud policy which puts proportionate controls in place to mitigate the risks of fraud, theft and irregularity, e.g. regular inspections addressing risks.

Where instances of fraud, theft or irregularity are suspected or identified the Board of Trustees will investigate it promptly and should any evidence of fraud, theft or irregularity be found, they will take appropriate action. In any instance of fraud, theft or irregularity whereby the amount defrauded comes to a total exceeding £5,000 individually or cumulatively in a financial year, the Board of Trustees will report it to the DfE as soon as they become aware of it.

Unusual fraud, regardless of value MUST also be reported.

The DfE will require the following information:

- Full details of the events with dates
- The financial value of the loss
- Measures taken to prevent recurrence
- Whether it was referred to the policy (and if not, why)
- Whether insurance or the RPA have offset any loss

The DfE may then conduct or commission investigations into any actual or potential fraud, theft or irregularity either because of the notification from the trust itself or from other information received.

The trust's Whistleblowing Policy outlines the procedures to follow in the event of a report being made by a member of staff, as well as the appeals process and what can be done in the event of a whistleblower being treated unfairly.

The headteacher will ensure all their staff are aware of the Whistleblowing Policy, ensuring that they understand the process of reporting a concern and what they can expect once they have brought a concern to the attention of the academy.

All concerns raised by whistleblowers are responded to properly and fairly in line with the Whistleblowing Policy and Corruption, Fraud, Bribery and Cybercrime Policy.

## 26. Cyber-crime

Reference: Cyber Security Policy

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The trust MUST be aware of the risk of cybercrime, put in place proportionate controls and take appropriate action where a cyber security incident has occurred. The trust should take appropriate action to meet the DfE's cyber security standards, which were developed to help it improve their resilience against cyber-attacks.

The trust MUST not pay any cyber ransom demands. DfE supports the National Crime Agency's recommendation not to encourage, endorse, or condone the payment of ransom demands. Payment of ransoms has no guarantee of restoring access or services and is likely to result in repeat incidents.

## 27. Recovery of Funds

The DfE may recover funds where there is evidence of irregularity or fraud.

## 28. Charging and Remissions

The Trust Board is responsible for ensuring that a Charging and Remissions Policy is in place. Each academy will act in accordance with the trust's Charging and Remissions Policy at all times. The FAR committee will review the Charging and Remissions Policy annually, seeking advice from the CEO and CFO where necessary.

Charging is permitted for education provided out of school hours, unless it is within the requirements of the national curriculum or to fulfil statutory duties relating to RE. The Local Governing Board, in conjunction with the Finance, Audit and Risk Committee, can choose to remit charges wholly or in part.
The trust may charge parents for the cost to replace items broken, damaged or lost if it is due to pupil behaviour. Payments for activities will be processed and recorded by the Finance Team. The school is responsible for ensuring that the correct invoices are sent to parents, and that payment is received.

## 29. Risk Management

The trust will maintain a risk register and manage risks to ensure its effective operation, including contingency and business continuity planning. Risk management covers the full operations and activities of the trust, not only financial risks.

The Board of Trustees will take overall responsibility for risk management, including ultimate oversight of the risk register, while drawing on advice provided to it by the Finance, Audit and Risk Committee. The Board of Trustees will review the risk register at least annually.

The trust will have adequate insurance cover in compliance with its legal obligations or will become a member of the academies risk protection arrangement. The trust will cooperate with the internal auditors and any other risk reviews and will implement any reasonable recommendations made to them.

## 30. Monitoring and Review

This policy will be reviewed on an annual basis, or when new legislation/guidance regarding the subject is published, by the Finance, Audit and Risk Committee and the Accounting Officer.

The CFO will review and monitor all financial records continuously throughout the year, raising any concerns with the CEO.

## Appendix 1 Summary of Financial Authorisation Levels – Academies

**Purchasing Authorities**

*Approvals relate to prices net of VAT.*

| Academy | Signing Limits | Name/Role |
|---|---|---|
| **Keystone Academy Trust (whole trust)** | >=£10k | · CEO and Trustee |
| | <£10k | · CEO/Deputy CEO |
| | <£5k | · CFO/Deputy CFO (non-curriculum/budgeted) |
| | <£1k | · Education Director, COM (non-curriculum) |
| | <£0.1k | · Central Purchasing Administrator |
| | Related or Contentious Transactions | · Full Trustee Meeting |
| **Three Form Entry** | >=£10k | · CEO and Trustee |
| | <£10k | · Head Teacher |
| | <£1k | · Assistant/Deputy Heads (curriculum) |
| | <£0.1k | · Purchasing Administrator |
| | | |
| **Two Form Entry** | >=£10k | · CEO and Trustee |
| | <£10k | · Head Teacher |
| | <£1k | · Assistant/Deputy Heads (curriculum) |
| | <£0.1k | · Purchase Administrator |
| | | |
| **One Form Entry** | >=£10k | · CEO and Trustee |
| | >£5k | · CEO |
| | <£5k | · Head Teacher |
| | <£1k | · Assistant/Deputy Heads (Curriculum) |
| | <£0.1k | · Purchase Administrator |
| | | |

| | | | |
|---|---|---|---|
| **<One Form Entry** | >=£10k | · | CEO and Trustee |
| | >£5k | · | CEO |
| | <£5k | · | Head Teacher |
| | <£1k | · | Assistant/Deputy Heads (Curriculum) |
| | <£0.1k | · | Purchase Administrator |
| | | | |
| **Central Teaching Team** | <£1k | · | Director |
| | <£0.1k | · | Purchase Administrator |

Staff not employed by the MAT (e.g. Acting Headteacher from Agency) may not approve expenditure. Such expenditure MUST be approved by the CEO or CFO.

**Expense Claims**

- All expense claims can be approved by the Senior Leadership Team as above.
- ALL Heads MUST have expense claims approved by the CEO/dCEO before occurring.
- Any expense claims by the CEO (or dCEO if applicable) MUST be reviewed by the CFO and approved by a Trustee.

**Bank Signatories**

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

Any two signatories/online banking authorisation from:

- Chief Executive Officer
- Deputy Chief Executive Officer
- Chief Financial Officer
- Deputy Chief Financial Officer

**Other Financial Decisions**

| Action | Approved | Reviewed |
|---|---|---|
| **Payroll Bacs** | • Head (School) | • CEO |
| **Budget virements:**<br>• **<£10k**<br>• **£10k to £50k**<br>• **>£50k** | • CFO<br>• CFO plus CEO/dCEO<br>• F&A Committee | • CEO/dCEO<br>• F&A<br>• Board of Trustees |
| **Disposal of assets:**<br>• **<£1k**<br>• **£1k to £5k**<br>• **>£5k** | • Headteacher/Head of School<br>• CFO<br>• CEO/dCEO | • CFO<br>• CEO/dCEO<br>• F&A Committee |
| **Purchase or sale of any freehold property** | • Board of Trustees and DfE | • Members |
| **Granting or take up of any leasehold or tenancy agreement** | • Board of Trustees and DfE | • Members |
| **Raising invoices to collect income** | • CFO/Central Teaching Team Director | • CFO/dCFO |
| **Expense Claims** | • As per signing authorities.<br>• CEO/dCEO | • CFO/dCFO<br>• Reviewed by CFO<br>• Approved by Trustee |

**Charge Cards**

| School | Cardholder | Limit |
|---|---|---|

| | | |
|---|---|---|
| **KAT** | • CEO | £5,000 |
| | • dCEO | £5,000 |
| | • CFO | £1,000 |
| **BWPA** | • Head teacher | £5,000 |
| **Tower Road** | • Head teacher | £5,000 |
| **Long Sutton** | • Head teacher | £5,000 |
| **Surfleet** | • Head teacher | £1,000 |
| **Thurlby** | • Head teacher | £2,000 |
| **Lutton St Nicholas** | • Head teacher | £1,000 |
| **Cowbit** | • Head teacher | £1,000 |

Reviewed: July 2026