KALEIDOSCOPE
Multi Academy Trust

Finance Policy

Who is responsible:	CFO
Statutory policy?	Yes
Review timescale:	Annually
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Statement of intent

It is important for Kaleidoscope MAT to demonstrate that we use 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 and members, as well as services and goods sourced from external agencies, such as contractors and caterers.

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.

1. Legal framework

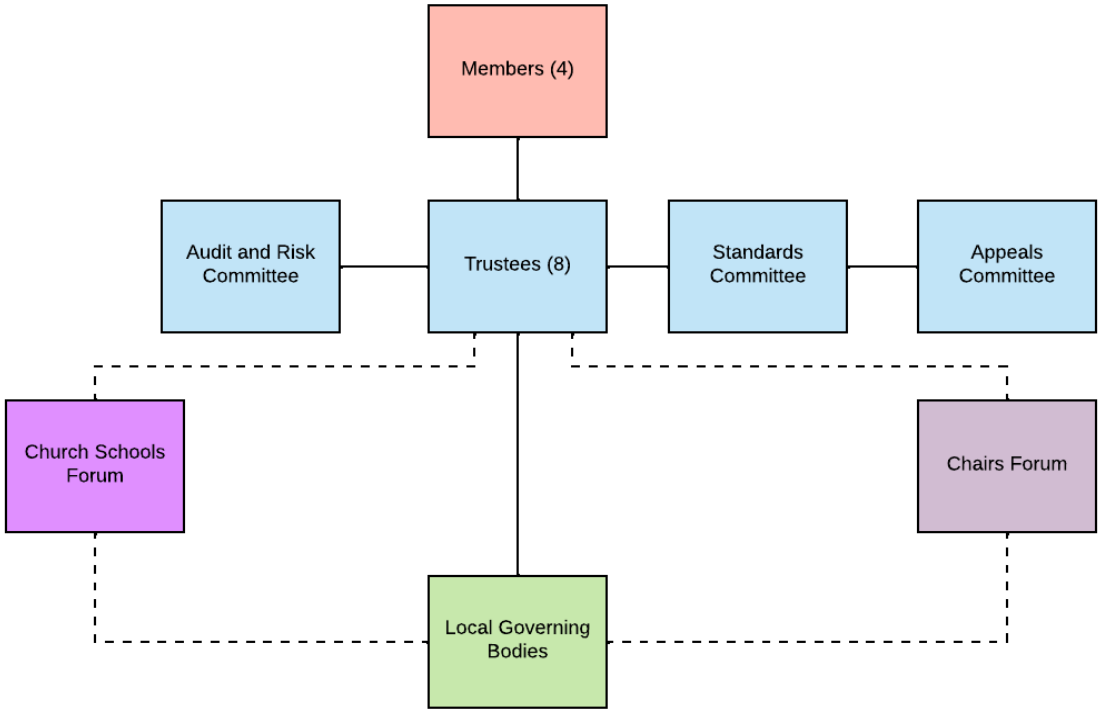
This policy has due regard to all relevant legislation and statutory guidance including, but not limited to, the following:

- 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 (2026) 'Academy trust handbook 2026'
- DFE (2026) 'Declare or seek approval for related party transactions: summary guidance'

This policy operates in conjunction with the following school policies:

- Teachers' Pay Policy
- Charging and Remissions Policy
- Conflicts of Interest Policy
- Tendering and Procurement Policy
- Gifts, Hospitality and Anti-bribery Policy
- Data Protection Policy
- Anti-fraud and Corruption Policy
- Whistleblowing Policy
- Cyber-security Policy
- Cyber Response and Recovery Plan
- Declared Conflicts of Interests Register
- Articles of Association

2. Roles and responsibilities



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 will 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 is responsible for:

- Applying the highest standards of conduct and governance and taking full ownership of their duties.
- Ensuring the board meets at least three times a year, and conducts business only when quorate.
- Approving a written scheme of delegation of financial powers.
- 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 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.

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 a named individual as the trust's accounting officer – this will be the senior executive leader. 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.

The accounting officer is responsible for:

- The trust's financial affairs.

- Sharing the DfE's 'Letter to academy trust accounting officers' letter with the members, trustees, the CFO and other relevant stakeholders, arranging for it to be discussed by the board of trustees and taking action, where appropriate, to strengthen the trust's financial systems and controls.
- Achieving value for money and the best possible educational outcomes through the economic, efficient and effective use of resources.
- Ensuring regularity when dealing with items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement and the 'Academy trust handbook' (ATH), and with the trust's internal procedures.
- Ensuring propriety with regards to expenditure and receipts, including standards of conduct, behaviour and corporate governance.
- Completing and signing a statement of regularity, propriety and compliance each year and submitting this to the DfE with the audited accounts.
- Keeping full and accurate financial records.
- The management of opportunities and risks.
- Assuring the board of trustees that the trust is compliant with the ATH and the funding agreement.
- Informing the board of trustees, in writing, of any action or policy under consideration that is incompatible with the terms of the Articles of Association, funding agreement or the ATH.
- Informing the DfE, in writing, where they have advised the board of trustees that they are in breach of the Articles of Association, funding agreement or ATH but the board has continued with their actions.

The CFO is responsible for:

- Acting as the principal finance officer for the trust.
- Ensuring that the trust's financial position is managed at a strategic 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 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.
- Challenging finance staff to ensure that value for money is routinely obtained.
- Ensuring effective financial policies are in place across the trust.
- Liaising with the headteacher and bursar from each academy regarding financial matters.
- Maintaining CPD and undertaking relevant ongoing training.
- Liaising with the CEO, Members, Trustees, staff, DfE, auditors, other bodies and organisations as and when necessary in all areas concerning financial management
- Preparing reports and attending meetings of the Trustees Board and Audit and Risk Committee and providing financial management information to them so that they can monitor income and expenditure on a regular basis throughout the year
- Checking and agreeing budgets with each school's Headteacher and Business Manager/Bursar before they are submitted to the Board of Trustees
- Ensuring compliance with ATH, ESFA regulations and statutory requirements
- reviewing and developing, as necessary, the school's finance policy, as necessary to comply with changes to the ATH
- Ensuring that the school's staff payroll is implemented within statutory regulations
- Ensuring that all financial transactions are in accordance with statutory regulations

- Ensuring that all financial staff have the necessary qualifications and training to undertake their respective tasks
- The line management of the MAT Finance Team
- Overseeing compliance to the Trust Finance Policy
- Ensuring that the pension arrangements are implemented in line with national regulations (both teaching and non-teaching)

The trust's audit and risk committee are responsible for:

- 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 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 advice the board of trustees and members, including recommendations on the reappointment, dismissal or retendering of the external auditor, and their remuneration.
- Monitor the Trust's KPI data and alert the Board to any significant variances/actions.

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. The governance professional is responsible for ensuring the efficient functioning of the board of trustees by providing:

- Administrative and organisational support.
- Guidance to ensure 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.

Local governing boards are responsible for:

- Read and discuss any CFO reports relating to their school and monitor/discuss any actions raised.
- Read and review any internal audit reports and monitoring that any actions have been implemented.
- Review management reports provided by the CFO and be aware of the headline financial position of the school.
- Monitor that the KMAT Policies, systems, procedures and expectations for are carried out in practice.
- Be familiar with the KMAT Financial Handbook and Academy Trust Handbook
- Ensure they undertake relevant training

Academy Headteacher/Executive Headteacher is responsible for:

- Consider the school's indicative funding, notified annually by the DfE and to assess its implications for the school, in consultation with the school's bursar, in advance of the financial year. They need to notify the CFO of any matters of concern.
- In conjunction with Kaleidoscope Budget Guidelines and the CFO/CEO create a budget which meets the strategic and operational needs to the school. The budget must also meet the development

priorities detailed within the School Development/Improvement Plan and include short- and longer-term planning (3 years).

- For ensuring that the agreed spending in the budget is followed and not exceeded (in year changes will need to be agreed with the CFO)
- For ensuring that the school finances are well managed and solvent.
- For the management of effective systems of internal control within his/her school as set out in the Academy Trust Handbook and the Kaleidoscope Financial Policy.
- For ensuring all Kaleidoscope expectations and requirements are followed and met.

The Central Finance Team are responsible for:

- Completing the Trust's payroll and pensions administration returns, with support from the CFO
- Ensuring that the school's staff payroll is implemented within statutory regulations, with support from the CFO.
- Providing support to finance staff across the Trust
- Providing the CEO and CFO with regular financial updates and alerting them to any concerns
- Ensuring compliance with ATH
- Managing the smooth running of the Trust financial systems – accounting, budgeting, HR and payroll, liaising with the system providers as required
- Investigating, recommending and implementing changes to the financial systems and procedures, to improve financial performance and satisfy value for money criteria
- Overseeing purchasing and ensuring that it is compliant with the Finance Policy and following agreed procedures – communicating and supporting where errors or incorrect operation occurs
    - reconciling Trust bank statements and assisting the CFO with managing Trust cash flow
    - managing the Trust bank account including timely payment of invoices through appropriate methods e.g. BACs, cheques, card payments
    - completing Trust VAT returns
    - processing all official order requests relating to the Central Team
    - processing all invoices relating to the above
    - processing requests for payments and raising cheques for authorisation as required
    - providing advice and support to budget holders on best value for money and producing financial management information
    - maintaining the Kaleidoscope website
    - working with the school Bursars in all aspects of payroll and staff contract management
    - liaising with our assigned Data Protection Officer (DPO) provided by SSE in relation to compliance with GDPR.
    - Supporting the CFO with internal and external audits.

The School Bursar is responsible for:

- Working with the Headteacher and CFO to set a prudent budget in line with the Budget Guidelines which meets the schools needs and plans for the longer term (3 years)
- Monitoring the school's financial position against the agreed budget during the year
- Providing the Headteacher and CFO with regular financial updates and reports, alerting them to any concerns
- Managing the local finance staff
- Overseeing compliance to the Trust Finance Policy within their school
- Assisting with the operation and maintenance of budget, finance and payroll systems – ensuring all information is up to date and accurate
- Ensuring all financial tasks are completed according to the agreed reporting schedule
- Maintaining the school inventory/Asset register
- Ensuring compliance with the Academy Trust Handbook (ATH)

- Ensuring purchasing is compliant with the ATH and the MAT's Finance Policy and MAT procedures/timelines
- The point of contact for the school for the Trust's internal and external financial auditors
- Preparation and checking of invoices, inputting and scanning onto ACCESS where it will be sent electronically to the MAT Finance Team for payment.
- Complete KMAT training and attend Trust meetings

The DFE 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.

3. Financial oversight

The trust takes full responsibility for its financial affairs, stewardship of assets and use of resources to maximise pupils' outcomes. The board of trustees meets at least three times a year. The audit and risk committee meet at least three times a year.

The board of trustees does not delegate overall responsibility for the trust's funds. The board of trustees approves a written scheme of delegation of financial powers that maintains robust internal controls. This scheme of delegation is reviewed annually, and immediately when there has been a change in the trust's management or organisational structure. The board of trustees delegate financial scrutiny and oversight to the finance committee, which can support the board in maintaining the trust as a going concern.

Constituent academies joining the trust will be asked to complete a financial management and governance self-assessment.

4. Budget setting

The budget is a working document which may need revising throughout the year as circumstances change. Any significant revisions will be reported to the audit and risk committee and the board of trustees.

The budget planning process follows an annual planning cycle and consists of the following four phases:

- Planning
- Budget setting
- Monitoring
- Review

The budget process takes the following elements into account:

- Forecasts of likely pupil numbers to estimate the amount of DfE grant available
- Review of other income sources
- Review of past performance against budgets
- Identification of potential efficiency and budget containment actions
- An annual review of expenditure headings to reflect known changes and expected variations in costs, such as pay increases, inflation or other anticipated changes

When reviewing and approving budgets for the trust, the board of trustees ensures the following:

- Budget forecasts, for the current year and beyond, are compiled accurately, based on realistic assumptions and are reflective of lessons learned from previous years
- Pupil number estimates are challenged and that these underpin revenue projections, and review these on a termly basis
- An integrated approach to curriculum and financial planning is taken

Each school's Headteacher/School Business Manager/Bursar is responsible for the preparation and setting of the annual budget, in conjunction with the Chief Finance Officer.

Headteacher/Business Manager/Bursar and CFO/CEO agree a draft budget in Terms 5 / 6 (by the beginning of June) annually in accordance with the KMAT budget guideline policy.

Draft budgets are reviewed by the Audit & Risk committee in June/July before recommending them for final approval by the Trust board.

The CFO will agree a draft budget for the Kaleidoscope Central Team, including shared services, with the CEO and members of the Audit & Risk committee by the beginning of July annually. This will then be recommended to Trust Board for final approval.

Any additions to budget expenditure along with any new staff requests/variations over the course of the year, regardless of the source of income, must obtain **prior approval** by the CFO/CEO following approval at Trust Board level if required.

The board of trustees will notify the DfE within 14 calendar days of proposing to set a deficit revenue budget.

5. Budget management and monitoring

To implement a smooth-running planning process, the CFO will create a budget timetable which outlines important dates, such as when information will be collected, including salary information and estimated budget allocation. A continuous review of the aims and priorities of the strategy will be undertaken based on the monitoring and analysis of performance.

The Bursars at each academy are responsible for monitoring income and expenditure in their academy throughout the year. Any potential overspend against the budget will be discussed with the CFO before receiving approval.

A three-year budget forecast will be prepared when the budget for the current financial year is being set. The CFO will prepare monthly management accounts, setting out the trust's financial performance and position and including an income and expenditure account, variation to budget report, cash flow information and balance sheet. The accounts will be shared with the chair of trustees every month and with other trustees six times a year.

The board of trustees will consider the management accounts when it meets and will ensure appropriate action is being taken to maintain financial viability. The board of trustees will select key financial performance indicators and measure its budgetary performance against these regularly.

The monitoring process will be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate. The audit and risk committee will continually monitor the quality of the financial information presented to them to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.

The trust will submit a budget forecast return (BFR) to the DfE each August. The trust's budget forecast return outturn information will be included in the budget forecast return. The returns will be approved by the board of trustees before submission to the DfE.

Where the board of trustees has concerns about the trust's financial performance, it will act quickly to ensure the trust has adequate financial skills in place and consider whether additional financial reporting is required.

The following reports will be produced monthly by the school bursar or where one is not in place, the central finance office, for the Headteacher's/Executive Headteacher's review.

- Governors Report detailing actual Income and Expenditure against the original budget.
- Any subsequent Ledger Code or BvA reports required for review.
- Relevant month end reports as detailed within the Month End checklist, i.e. outstanding debtors/creditors.
- Year End Reports as required.

CFO will work with the school Bursar/Headteacher to produce a bi-termly management report identifying headline financial information to be provided for Local Governing bodies.

6. 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.

The Bursar of each academy and the CFO will prepare cash flow forecasts to ensure that the trust has sufficient funds available to cover day-to-day operations. The Bursar will record all transactions regarding cash flow for their academy and the CFO will record transactions for the trust. When producing cash flow forecasts, if significant balances can be foreseen, steps will be taken to invest the surplus funds.

All 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.

BACs payments are made by the centralised Kaleidoscope finance team. The BACs payment must be authorised by two authorised personnel, including the CFO and/ or the CEO.

Authorised cheque signatures

It is expected that all payments will be made via BACs.

No petty cash will be held by the school. All claims for reimbursement/expenses will be paid through the BACs system.

The School Bursar/Budget Holder (where relevant) must authorise expenditure before the purchase of any goods/services unless exceptional circumstances make this impossible. A Purchase Order must be created for all purchases.

A valid VAT receipt should be attached to the claim form and signed by the school Bursar/Headteacher/Executive Headteacher

The relevant budget holder must authorise expenditure before the purchase of any goods/services, unless exceptional circumstances deem this impossible.

Note:

Although no petty cash will be held at school, schools do take in cash for charity and fundraising days.

In these circumstances, the following procedures will apply:

- All cash will be locked away as soon as possible e.g. overnight in a safe
- Cash received will be counted and then checked by a second responsible person e.g. member of the SLT
- Cash will be paid into the bank as soon as possible. It is recommended that for amounts over £100, two people go to the bank to deposit the money.
- All cash should be paid into the Kaleidoscope central bank account, unless the money raised is specifically for the 'Parent Teacher Association' (or equivalent), where the money is not a KMAT asset, and it is therefore paid into the PTA bank account
- A charity/ fundraising form will be completed and sent to the MAT office to notify the office to enable easy bank reconciliation (KMAT bank account only)

7. Purchasing, procurement and returns

Full details of the trust's procurement processes are outlined in the Tendering and Procurement Policy. The trust will ensure:

- Spending has been for the purpose intended and there is probity in the use of public funds.
- Spending decisions represent value for money.
- Internal delegation levels exist and are applied.
- Professional advice is obtained where appropriate.

All academies within the trust will act in accordance with the trust's Tendering and Procurement Policy, and comply with the procurement rules and thresholds in The Public Contracts Regulations 2015 and Find a Tender service and The Procurement Act 2023. The trust uses the DfE's deals for school's service where possible.

Value of Procurement Requirements

Anticipated value of goods services and contract sum. (individual order, annual service and annual contract)	Minimum no. of quotes. Trustees / school staff must make best efforts to secure probity and value for money.
£1 - £4,999	Value for money should always be considered. Review the use of existing suppliers with reference to the KMAT Approved Supplier list in relation to Building work. 1 Written Quotation or price comparison. Approved by School Bursar and Headteacher/Executive Headteacher. Estates work over £1k must be agreed via SFOO.
£5,000 - £9,999	For items in excess of £5k, it is recommended to ensure value for money and retain 3 written quotes on file.

	If 3 quotes aren't available, this must be reported to the CFO. This can then be approved by the school's Bursar and Headteacher/Executive Headteacher. Use of DFE Approved Frameworks are recommended. If Estates work is agreed via the SFOO, 1 quote is sufficient if the Contractor is referenced on the KMAT Approved Supplier List and approved by the SFOO.
£10,000 - £40,000	Minimum 3 quotes – best value offer. At least 3 competitive quotations should be invited from suitable suppliers and evidence retained on file. Use of DFE Approved Frameworks are recommended. If 3 quotes are not available, a reason must be recorded on the Internal Order Form and written approval obtained from the CFO/CEO and obtained with the Order Form. The CFO will report this retrospectively to the Trustees.
Above £40,000	CFO/CEO Approval to be obtained. High Value Procurement Contract, the Trust's Tendering and Procurement Policy will be used, including FTS, Find a Tender Service when applicable. To be reported and approved by Audit & Risk Committee.

8. Expenditure and Authorisation limits

No expenditure should be incurred or commitment entered into without formal delegated authority. A list of delegated authorities (Scheme of Delegation) will be issued annually, once agreed by the Board of Trustees.

Internal Purchase Orders must always be signed by the budget holder and countersigned at the appropriate level, according to the purchasing authority levels. (See authority section for levels of authority).

No service/provision of contract of duration of more than 1 year can be entered into without authorisation in writing from the CFO, no matter what the value of the contract.

Where the contract is for an enduring service valued above £40k per year, the CFOs authorisation is necessary if it is not planned to use a multi-year contract.

All Purchase Orders must be priced before submission for authorisation, unless exceptional circumstances prevail in which case an explanation will be required and a best estimate given. Purchase Orders must be submitted with all quotations received and retained together.

Once properly authorised, all internal Purchase Orders must be submitted to the relevant finance staff, who will use the official order.

The official Order Number must always be quoted.

All goods received must be checked against the Order Form and any missing or faulty goods must be reported to the supplier, who should either re-supply the goods, offer a Credit Note or a refund.

If any goods ordered on an official Order Form are returned, a notification should be sent to the relevant finance staff, so that the commitment can be cancelled.

Staff are not permitted to obtain goods/services for personal use.

Schools must be able to demonstrate separation of duties.

Expenditure	School	Trust Budget
Planned expenditure – Internal Order Requisitions No expenditure (incurred or committed) should be entered into without formal delegated authority. All Internal Order Forms raised for day to day expenditure within agreed budget levels to be signed by the budget holder and countersigned at the appropriate level, according to the following purchasing authority levels.		
Up to £500	Business Manager/Bursar	Finance Officer
Up to £10000	Headteacher/Executive Headteacher – countersigns.	CFO or CEO countersigns.
£10,000 to £24,999 for purchase/contracts that have been specifically identified in the budget agreed with the Trust Board	Headteacher/Executive Headteacher and CFO	CFO and CEO
£10,000 to £24,999 for purchases/contracts that have not been specifically identified in the budget agreed with the Board of Trustees.	Pre-approval of CFO and CEO	
ALL orders and contracts valued between £25,000 and £39,999	CFO and CEO	
All orders and contracts valued over £40,000	CFO and CEO, with minuted approval from the Board of Trustees following the completion of a tendering process.	
Note:		

The above expenditure authorisation limit does not apply to Payroll – see Section 11 below.	Payroll routines and checks have been established between the payroll provider and the Central KMAT team. They have been audited for accuracy and probity. The CFO authorises the monthly payroll BACS payments to staff (or FO in the CFO's absence), HMRC and pension providers. The CFO oversees this process and carries out periodic checks for accuracy.

The trust's funds will not be used to purchase alcohol for consumption, except where it is to be used in religious services.

9. Financial Administration

Accounting Systems

Kaleidoscope Multi-Academy Trust uses the ACCESS Finance system.

Access to the ACCESS systems is restricted to the CFO, CEO and Kaleidoscope Finance Team. Reduced (restricted) access is granted to individual school finance teams and Headteachers/Executive Headteacher (Individual schools can only view or access their own budgets).

Accounting Records

Only authorised staff are permitted access to the accounting records which are securely retained when not in use.

Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink and initialled by an authorised person. The use of correcting fluid or the erasure of information is not permissible.

All accounting records including invoices, order forms, bank statements, etc. are retained in hard copy for six years, plus the current year, in a secure area.

End of Year Financial Schedules

Year-end schedules are used to ensure that income and expenditure are recorded in the financial year to which they relate (when goods or services are received / provided). Types of schedules include:

- Creditors – For goods or services received by 31st August but not paid by this date e.g. gas bills
- Debtors – For goods or services provided by 31st August but income is not received by this date e.g. settlement of invoice
- Payments in advance – Payments made by 31st August for goods and services received after 1st September
- Receipts in advance – Income received by 31st August for goods or services to be provided after 1st September e.g. lettings income received in advance.

School Finance Teams will:

- Prepare schedules by gathering information and collating evidence from financial management system and budget holders.
- Business Manager/Bursar considers schedules and evidence, raising queries where necessary, passing them onto the Headteacher for authorisation
- Authorised financial schedules to be submitted to CFO with evidence.
- Monitor actual spend against budget schedule by reconciling dates processed with actual values.
- Actual spend against budget schedule will be submitted to the CFO for sign off during final preparation of account annually.

The Trust Finance team will:

- Assess the total value and number of transactions on year end schedules are reasonable compared to historic trends
- Review evidence provided for individual transactions and ensure they are reasonable and in line with expectations
- Review items marked as repeated from the previous year and check whether they should stay or carry forward
- Review specific transactions and coding, spot checking evidence and that they are accurate.
- Check that in the Autumn Term, scheduled items are reversed out to the correct codes.

Virements

Virement is the process used for transferring an agreed financial value from one cost centre budget to another.

Virements are subject to authorisation (see Authority Level section for levels of authority). The following rules also apply

1. No virements for restricted funds may be carried out.
2. Any commitment arising as a consequence must be identified and contained within the resources available to the school in subsequent years.
3. Any increased expenditure planned on any budget heading will not lead to an overall budgetary deficit.
4. CONTINGENCY – Funds set aside as a contingency at the final budget setting stage must be authorised by the CFO.

Collaboration: The ability to raise and process virements is based upon individual schools maintaining a surplus and on the Board of Trustees confidence in the individual school's financial competence (based upon the RAG Rating system).

Virements	**Designated Authorisation**
Virements – New or additional income	Any new or additional income received (with the exception of donations made in excess of £10k) should be vired to the appropriate income code.
Up to £500	Business Manager/Bursar
Up to £5000	Headteacher
Up to £10000	CFO

Up to £40000	CFO and CEO
Over £40000	Requests submitted to the CFO who will take the request to the Board of Trustees

Virements	**Designated Authorisation**
Virements – Movement of budget allocation	The following limits apply for virements undertaken from one budget to another budget, the limit applies provided it is evident that this will not result in an overspend in the area from which it is vired or will impact on the overall budget.
No Limit	Business Manager/Bursar, Headteacher (CFO, CEO for the Trust)
Donations received in excess of £10000 without a clear statement from the donor as to how the funds are allocated.	Audit & Risk committee (The Board of Trustees for the Trust)
Reporting	All virements to be recorded with details on the termly monitoring report and where Trustees approval is required recorded within the appropriate meeting minutes.

4.4 Journals

The purpose of a journal is to move expenditure and income between:

- Funds (where the money has come from)
- Cost Centres (where internally the money has been spent)
- Nominals/ledger codes (what it has been spent on)

Journals are subject to authorisation (see authority level section for levels of authority)

The reasons for journals are:

- To correct miscoding e.g. wrong ledger or expenditure code used.
- Apportionments e.g. a proportion of a salary to a separate cost centre.
- Internal trading activities e.g. reprographic charges to budget holders.

The school procedures for journals are as follows:

- Delegation limits for journals agreed by the Trust Board.
- Completed journal print out must be signed by the appropriate post holder with the appropriate level of authority and retained.

Journals	

<table>
<tr><td colspan="3">Journals to be authorised for the following.

a) Correction to coding for any expenditure/income which has been incorrectly allocated.
b) Salary payments
c) Control account allocation e.g. bank reconciliations and payroll control accounts. Copies of all journals to be submitted to the Kaleidoscope Finance Assistant with the end of month report.
d) Internal trading activities e.g. cross budget recharge.</td></tr>
<tr><td>Journals detailed above</td><td colspan="2">Business Manager/Bursar up to £500</td></tr>
<tr><td>All journals up to £5000 require authorisation from the Headteacher.</td><td>Individual journals between £5000 - £10000 to be reported to the CFO / CEO</td><td>Individual journals over £10000 reported to the CFO and CEO</td></tr>
</table>

Supplier record amendments

Additions and amendments to supplier records in ACCESS must be strictly controlled. A 'new supplier/supplier amendment' form must be completed and authorised by the School Business Manager/Bursar before any amendments are made in ACCESS. Form's to be fully completed and submitted to the central office for authorising and processing. For new suppliers the form must be accompanied by the supplier's letterhead and first estimate/quotation/proposal. Bank details for all suppliers can only be supplied on company letterhead signed by the company secretary or other officer of the company. All new supplier/supplier amendment forms must be filed ready for audit accompanied by all necessary paperwork.

PAYMENT TO TRUSTEES/GOVERNORS

No payment may be made to any Trustee/Governor unless such payment is permitted by the Articles of Association and comply with the terms of any relevant agreement with the Secretary of State. Charity Commissions prior approval must be obtained before paying a Trustee/Governor.

Trustees/Governors Allowances

Please refer to the Trustees/Governors Allowances Policy.

10. 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.

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

11. 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.

Credit cards will only be used for business expenditure. Payment via credit card requires the same authorisation as that of cheques. Credit card balances will be cleared before any interest accrues.

Credit/Debit Cards

Card payments will be recharged to the Kaleidoscope bank account in full each month. Individual schools must reconcile the card control account each month.

All credit/debit cards must be kept in the school safe.

All card holders must sign and return to central office the Kaleidoscope Terms of use form.

Use of the Business Credit Card is restricted to Finance Staff/Headteachers/Executive Headteacher and CEO only. The School Bursar and Headteachers/Executive Headteacher will check and sign monthly payments. In the case of Kaleidoscope MAT card payments, this will be done by CFO and CEO.

Credit/Debit Card Authorisation Levels.

Credit Card	**School**	**Trust Budget**
Card limit up to £1500. Single order item up to £500	Bursar	Finance Officer
Card limit up to £2500 Single order up to £500	Headteacher/Executive Headteacher	Finance Officer
Card limit up to £5000 single order item of up to £250	HT and CFO	CFO
Card limit up to £10,000 single order up to £500	CFO and CEO	CFO and CEO

Bad Debts

The school bursar will contact individuals of any outstanding debts owed after 30 days of the notification of payment, e.g. an invoice being sent. The Bursar will issue payment reminders to any non-payments at the following intervals:

- 4 weeks from the invoice being sent – first reminder
- 6 weeks from the invoice being sent – second reminder
- 10 weeks from the invoice being sent – final reminder

If, after the final reminder is sent, payment is not received in full, the Bursar will send a letter informing the individuals that if the trust does not receive payment within 14 days, they will refer the matter to a small claims court.

Bad debts are only written off when the Academy has followed all possible procedures to ensure their recovery has been achieved.

Debts up to £100 may be written off with the authorisation of the Headteacher/Executive Headteacher.

Bad Debts above £100 must be referred to the CFO who has the authority to write off debts up to £1000.

Individual debts over £1000 may be written off by the CEO.

All debts in excess of £1000 when written off within the above limits must be reported retrospectively to the Trust Board.

The prevailing Academy Trust Handbook will specify the level at which bad debt write offs must be authorised by the DfE.

The Bursar will keep accurate records of the debt process, including:

- Logging invoices and receipts on the trust's accounting system.
- Keeping any emails pertaining to debt collection for three months after the payment has been made.
- Keeping emails of payment notifications, ensuring each email clearly states the number of the reminder and the date it was sent.

12. 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.

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.

Capital Funding

Devolved Capital – Schools are responsible for identifying priority repair areas (based upon Condition Surveys and other maintenance information) and plan for this during budget setting.

For larger building projects, the Trust will investigate applications to the Condition Improvement Fund (CIF) bid, with the assistance of Hookway Partnership.

Asset Register

The Kaleidoscope Multi-Academy Trust records assets purchased on an Excel spreadsheet maintained by the CFO. Each school must retain an inventory of its moveable assets and inform the central team of individual acquisitions with a cost greater than £5,000 which will be entered onto the central asset register. The relevant school Headteacher/Executive Headteacher is responsible for ensuring that all equipment is marked as belonging to the school.

When disposing of assets the school/Trust will endeavour to maximise the proceeds of any asset sale.

Non-valuable items (up to £500) can be sold, scrapped, disposed of internally or by selling at school functions with the authority of the Headteacher/Executive Headteacher

Valuable items (over £500 at the time of disposal) should also be referred by the CFO to the Board of Trustees. Following approval for disposal, they should be advertised to the public and parents.

If the asset, for which a capital grant in excess of £20k was received, is to be disposed of, the approval of the Secretary of State is required prior to sale or disposal.

All losses must be reported to the CFO.

The School Bursar or Headteacher/Executive Headteacher will ensure that the police have been informed if the loss is as a result of a burglary or theft and the insurance company is informed at the same time. Action must be taken immediately to prevent further loss.

13. Leasing

For the purpose of this policy, there are two types of lease:

- Finance lease – a form of borrowing
- Operating leases – not a form of borrowing

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

- Taking up a finance lease on any class of asset for any duration from another party, which are subject to borrowing restrictions
- Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
- Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party

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

14. Gifts

The Gifts, Hospitality and Anti-bribery 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. The value of any gifts will be reasonable and within the limits set out in the Gifts, Hospitality and Anti-bribery Policy. The decision to make gifts will be documented and have regard to propriety and regularity.

15. Related party transactions

All academies within the trust will act in accordance with the Conflicts of Interest Policy. The trust will be even-handed in their relationships with related parties by ensuring:

- Compliance with their statutory duties to avoid conflicts of interest, benefits are not accepted from third parties, and interests in proposed transactions or arrangements are declared.
- A Declared Conflicts of Interest Register has been completed.
- No member of the trust uses their connection to the trust for personal gain.

- All payments are permitted by the Articles of Association or by authority from the Charity Commission.
- The Charity Commission approves payments to a trustee where there is a significant advantage to the academy.
- Any payment provided to the persons referred to in the 'At-cost requirements' section of this policy satisfies the 'at cost' requirements.

The board of trustees will ensure procedures pertaining to related party transactions are applied across the MAT. The board of trustees and accounting officer will manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with 'The Seven Principles of Public Life'.

The chair of trustees and the accounting officer will ensure their capacity to control and influence does not conflict with requirements. The trust recognises that some relationships with related parties may attract greater public scrutiny, such as the following:

- Transactions with individuals in a position of control and influence, including the chair of trustees and the accounting officer
- Payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors
- Relationships with external auditors beyond their duty to deliver a statutory audit

The trust will keep up-to-date records and make sufficient disclosures in their annual accounts to show accordance with the high standards of accountability and transparency required within the public sector.

The trust will report all related party transactions made on or after 1 April 2019 to the DfE in advance of the transaction taking place. The trust will obtain prior approval from the DfE for related party transactions that are novel, contentious and/or repercussive, regardless of value, using the DfE's enquiry form. For the purpose of reporting to, and approval by, the DfE, related party transactions do not include salaries and other payments made by the MAT to a person under a contract of employment through the trust's payroll.

All related party transactions will be reported to the DfE in advance of transactions taking place on or after 1 September 2023, using the DfE's online form. The trust will obtain approval from the DfE for the supply of goods or services to the trust by a related party agreed on or after 1 September 2023, where any of the following limits apply:

- The contract or other agreement exceeds £40,000
- The contract or other agreement of any value would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed, £40,000 in the same financial year ending 31 August

Approval will not be required where contracts and other agreements for the supply of goods or services to the trust are with colleges, universities and schools which are sponsors of the trust, and other state funded schools and colleges, including academies.

The trust will not require approval 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.

Before completing the DfE's online form, all the information outlined below will be collected, as it is not possible to partially complete the form and return to it later. To create a record for the supplier, the following information is required:

- The name of the supplier

- The supplier's address
- The supplier's company number which can be found using the Companies House website (for limited companies)
- The statement which best describes the relationship between the supplier and the trust
- Confirmation that the supplier is listed in the trust's Declared Conflicts of Interest Register
- Confirmation that the trust has a statement of assurance from the supplier
- Confirmation that the trust has an open-book agreement with the supplier

The following information will be provided about the related party transaction:

- A short description of the goods or service
- Details of the proposed cost
- The start and end date of any contract or agreement

When seeking approval for a related party transaction, the following evidence will be provided:

- How the trust agreed to the related party transaction
- That the trust followed its Tendering and Procurement Policy
- That the trust tested the market before making a decision
- How the trust has managed any conflicts of interest

Declared Conflicts of Interest Register

All business and pecuniary interests will be recorded on the Declared Conflicts of Interest Register, including:

- Directorships, partnerships and employments with businesses.
- Trusteeships and governorships at other educational institutions and charities.
- For each interest: the name of the business, the nature of the business, the nature of the interest and the date the interest began.

The Declared Conflicts of Interest Register will identify any relevant material interests from close family relationships between the trust's members, trustees or local governors. Relevant material interests arising from close family relationships between these individuals and employees will also be identified. The Declared Conflicts of Interest Register will be kept up-to-date at all times and amended when any new interests are declared.

The relevant business and pecuniary interests of members, trustees, local governors and the accounting officer will be published on the trust's website.

'At cost' requirements

The trust will not pay more than 'cost' for goods or services provided by the following:

- Any member or trustee of the trust
- Any individual or organisation related to a member or trustee of the trust, namely:
  - A relative of a member or trustee: defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner.
  - An individual or organisation conducting business in partnership with the member, trustee or a relative of the member or trustee.

  - A company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20 percent of the share capital or is entitled to exercise more than 20 percent of the voting power at any general meeting of that company.
  - An organisation which is controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together) – an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes.
- Any individual or organisation given the right under the trust's Articles of Association to appoint a member or trustee of the trust, or any body connected to the individual or organisation
- Any individual or organisation recognised by the Secretary of State as a sponsor of the trust, or any body connected to the individual or organisation

A body is connected to an individual or organisation if it is controlled by the individual or organisation, controls the organisation, or is under common control with the individual or organisation, namely any of the following:

- Holding a greater than 20 percent capital share or equivalent interest
- Having the equivalent right to control management decisions of the body
- Having the right to appoint or remove a majority of the board or governing body

'At cost' requirements do not apply to the trust's employees unless they are employed by one of the parties outlined in this section. 'At cost' requirements apply to contracts for goods and services from a related party exceeding £2,500, cumulatively, in any one financial year. Where a contract takes the trust's cumulative annual total with the related party beyond £2,500, the element above £2,500 must be at no more than cost.

If any of the parties outlined in this section are based in, or work from, the trust's premises, the trust will agree an appropriate sum to be paid to the trust for use of the premises, unless the party is conducting work on behalf of the trust.

'At cost' requirements apply to legal advice or audit services when the organisation's partner directly managing the service is a member or trustee of the trust, but not in other cases.

Contributions made by the trust to the diocese for services received associated with securing the trust's religious character and ethos, which only the diocese can provide, are regarded as meeting the 'at cost' requirement.

The trust will ensure that any agreement with an individual or organisation referred to in this section is procured through an open and fair process and is:

- Supported by a statement of assurance from the individual or organisation to the trust confirming their charges do not exceed the cost of the goods or services.
- On the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply.

The cost will be the full cost of all the resources used in supplying the goods or services and will not include any profit. Full cost includes:

- All direct costs – the costs of any materials and labour used directly in producing the goods or services.
- Indirect costs – a proportionate and reasonable share of fixed and variable overheads.

16. Payroll

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

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. The main elements of the payroll system include staff appointments, payroll administration and payments. Payroll is notified of any staff absence using the **absence recording system**.

The headteacher and Bursar are responsible for ensuring that:

- Payments are made only to bona fide employees.
- Payments are in accordance with individuals' conditions of employment.
- Deductions, including income tax, national insurance and pensions, are properly administered.
- Payments are made only in respect of services provided to the academy.
- Amendments to the payroll are properly processed.

The Bursar, in collaboration with the admin officer, is responsible for keeping the staff personnel database up-to-date via the designated recording system. This will include the following information about staff members:

- Salary
- Bank account details
- Taxation status
- Personal details
- Any deductions or allowances payable

During the **spring term** each year, the SLT and Bursar will review staffing requirements for the following academic year and propose any changes. These proposals will be reviewed and approved by the audit and risk committee. The audit and risk committee is responsible for authorising the following salary changes:

- Pay awards for support staff
- Staffing structure changes
- Performance-related pay progression

The CFO will randomly select one employee each month and check the calculation of gross to net pay, to ensure that the payroll system is operating correctly. Payroll is continuously monitored and reviewed by the CFO to ensure any changes have been implemented correctly and the information is up-to-date.

HR / Payroll documentation for new appointments, resignations and contract variations, including salary statements, must be signed as below.

Kaleidoscope MAT Posts

CEO – to be signed by Chair of Trust Board

CFO – to be signed by CEO and Chair of Trust Board

Other MAT staff – to be signed by the CEO

Trust Wide Appointments to be signed by CEO and CFO.

School Posts

Individual school Headteacher/Executive Headteacher/Head of School appointments to be signed by CEO.

All other school staff posts (new / variations) must be approved by the Headteacher/Executive Headteacher (or the Head of School/Deputy Headteacher in the absence of the Headteacher/Executive Headteacher). The CEO has authority to review and amend all appointments / contract variations, but will liaise with the Headteacher/Executive Headteacher at all times.

New Appointments

All new appointments/increases to contractual hours must have prior approval from the CEO/CFO

Where a new position arises, schools will look across the MAT to see if existing staffing can meet the school's needs.

Where the position is for a leadership/Headteacher/Executive Headteacher/Head of School/ Deputy/Assistant Headteacher post, then the position will be discussed between the schools' Headteacher/Executive Headteacher and CEO – who will report recommendations to the Trustees. The Trustees may challenge recommendations or require supporting evidence.

Overtime

All overtime worked must have prior authorisation by a member of the leadership team. Overtime claims completed at the end of each month are paid with the following month's salary.

Supply claims, overtime claims and casual employment claims must be entered onto Selima (self-service basis by employees). All claims must be authorised by the Headteacher/Executive Headteacher/Head of School, or their approved Deputy / Bursar.

The Audit & Risk committee has delegated the following personnel as nominees to authorise supply teachers claims, overtime, casual employment and expenses claims:

- Headteacher
- Executive Headteacher
- Head of School

- Deputy Headteacher
- Assistant Headteacher
- Other SLT member as approved by the HT

BACS Procedures

The payroll provider will prepare and send monthly payroll files for checking and authorisation. This is carried out by the SFO, with supervision from the CFO.

Monthly BACS payments are then produced and authorised by the SFO, with review and countersignature from the CFO.

Executive pay

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 ESFA, 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.

Electric Vehicle (EV) salary sacrifice schemes will not require DfE approval where no liability falls on the trust if an employee does not fulfil their contractual obligations with the scheme provider. For other types of EV salary sacrifice schemes, or where the trust is under a Notice to Improve (NtI), prior DfE approval will be sought.

17. Charging and remissions

The CFO and trust board are responsible for creating a Charging and Remissions Policy. Each academy will act in accordance with the trust's Charging and Remissions Policy at all times. The audit and risk committee will review the Charging and Remissions Policy annually, seeking advice from the CFO where necessary.

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 Bursar. The Bursar is responsible for ensuring that the correct invoices are sent to parents, and that payment is received.

18. VAT procedures

The trust, and the academies within it, are registered for VAT 126 and are entitled to reclaim VAT on qualifying purposes through a monthly VAT 126 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 the FO and authorised by the CFO, to provide the data necessary for the completion of the VAT reclaim form. VAT is reclaimed monthly. Only one return for the trust is required by HMRC; however, individual academies are required to produce their own return.

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 for business activity, are identified and deleted.

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.

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

On receipt of the reclaimed VAT from HMRC, the FO and CFO will review the remittance, confirm whether this equals the claim made and sign the remittance to confirm this agreement.

19. 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 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 risk management auditors and risk managers and will implement any reasonable recommendations made to them.

20. Special payments

For the purpose of this policy, special payments include:

- Staff severance payments.
- Compensation payments.
- Ex gratia payments.

Where the trust considers making a staff severance payment above 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 employment tribunal
- The level of settlement is less than the legal assessment of what the relevant body will 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 equal to or greater than £50,000, the trust will seek prior approval from the DfE. 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. 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. Ex gratia payments will always be referred to the DfE for approval.

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

21. 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.

22. Auditing

The trust will follow a tiered approach to internal control, risk management and assurance processes comprising:

- Clearly communicated procedures, structures and training of staff.
- Appropriate day-to-day supervision and checks by management.
- Internal scrutiny overseen by an audit and risk committee.

- External audit and assurance.

Internal scrutiny

Internal scrutiny will be conducted within the trust and directed by the audit and risk committee, alongside the work of an external auditor, to provide independent assurance to the board that its financial and other controls, and risk management procedures, are operating effectively.

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 audit and risk committee, and informed by risk. 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 audit and risk 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.

External auditing

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. The trust will retender its external audit contract at least every five years.

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. There will be a separate letter of engagement for additional services beyond the prescribed audit.

The accounting officer will produce a statement on regularity, propriety and compliance and this will be included in the trust's annual accounts. The statement on regularity, propriety and compliance will include a responsibility to ensure that:

- There is efficient and effective use of resources in their charge.
- Public money is spent for the purposes intended by parliament.
- Appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control.

The trust will respond promptly, reasonably and appropriately to any findings by the auditors. The board of trustees will notify the DfE immediately of the removal or resignation of the auditors.

23. 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 returns

The CFO is responsible for keeping up-to-date records of the trust's financial state. The Bursar is responsible for keeping up-to-date records in relation to the finances of their academy. 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 of all the monies kept on the premises prior to banking, as well as the amount which is kept as petty cash. All financial records will be kept securely in each academy's **admin office**.

Third party access rights

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

Where the ESFA 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 ESFA considers relevant for

the purposes of its investigation. The trust will provide the ESFA with written authority giving permission for any third party to provide such information to the ESFA or its agents.

24. Notices to improve

Where the ESFA 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 ESFA will notify the trust of the date of which it published the NtI.

The trust will publish any NtI issued by the ESFA on its website within 14 days of it being issued, and retain this on the website until it is lifted by the ESFA. If a NtI is issued, the trust will seek prior approval from the ESFA for all transactions outlined in the 'Special payments' section of this policy, specifically:

- Special staff severance payments.
- Compensation payments.
- Writing off debts and losses.
- Entering into guarantees, indemnities or letters of comfort.
- Disposals of fixed assets beyond any limit in the funding agreement.
- Taking up a leasehold or tenancy agreement on land or buildings of a duration beyond any limit in the funding agreement.
- Carrying forward of unspent general annual grant (GAG) from one year to the next beyond any limit in the funding agreement.
- Pooling of GAG.

Where required, the trust will seek prior approval from the DfE before entering into transactions with related parties. The trust will submit additional information, such as monthly income and expenditure accounts, if required by the DfE.

25. Whistleblowing and fraud

The trust puts proportionate controls in place to mitigate the risks of fraud, theft and irregularity, e.g. regular inspections addressing risks, and implements an Anti-Fraud and Corruption Policy.

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 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 in a financial year, the board of trustees will report it to the DfE as soon as they become aware of it.

When reporting to the DfE on instances of fraud, theft or irregularity, the academy will include the following information:

- Full details of the event(s) with all key dates
- The financial value of the loss
- The measures taken by the trust to prevent recurrence
- Whether the matter was referred to the police and if not, the reasons why
- Whether the insurance or the risk protection agreement have offset any loss

If a member of staff suspects their colleagues are involving them in matters of fraud, they have a duty, as an employee of the trust, to raise suspicions to a member of their SLT. Reports of fraud will be treated in a fair

and unbiased manner. If the report of fraud is against a member of the SLT, the member of staff can go directly to the chair of trustees.

The SLT of the relevant academy within the trust will be responsible for the initial enquiries of fraud, theft or irregularity – they will then pass on their findings to the board of trustees for further inspection. Upon receiving the SLT's initial findings, the board of trustees will:

- Determine whether further investigation is warranted.
- Determine the initial response to the alleged perpetrator when this is a member of school staff.
- Determine who will carry out the investigation.
- Determine which outside agencies will be involved.
- Assess the risk of the fraud and the perpetrator to the academy.
- Determine to whom day-to-day management of the response will be given.
- Allocate responsibility for damage limitation action.
- Determine the course of action to recover losses.
- Determine the course of action to be taken against the perpetrator.
- Evaluate the events which enabled the fraud to occur.
- Ensure preventative action is taken to prevent recurrence.
- Report to the ESFA any instances of fraud, theft or irregularity exceeding £5,000 individually, or £5,000 cumulatively in the financial year.

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. All concerns raised by whistleblowers are responded to properly and fairly in line with the Whistleblowing Policy.

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. The trust's Whistleblowing Policy is published on the trust's website.

26. Cyber-crime

The trust is aware of the risk of cyber-crime and will implement its Cyber-security Policy and Cyber Response and Recovery Plan across the trust. Proportionate controls will be put in place to manage risks and appropriate action will be taken where a cyber-security incident has occurred.

The trust will obtain permission from the DfE to pay any cyber-ransom demands and understands that the DfE supports the National Crime Agency's recommendation not to encourage, endorse or condone the payment of ransom demands.

27. Monitoring and review

This policy will be reviewed on an **annual** basis, or when new legislation and guidance regarding the subject is published, by the audit and risk committee and the accounting officer.

The CFO will review and monitor all financial records continuously throughout the year. The SBM will review and monitor each academy's financial records, raising any concerns with the CFO.

The next scheduled review date for this policy is September 2027.