



# KINGSBRIDGE EDUCATIONAL TRUST

## TRUST FINANCIAL HANDBOOK 2022/2023

**Chief Financial Officer**  
**Summer 2022**

**ADOPTION AND AMENDMENTS**

<b>SECTION</b>	<b>GOVERNORS' MEETING OR COMMITTEE</b>
Document Reviewed	Board of Directors, December 2017
Whole Document	Board of Directors, December 2018
Whole Document	Board of Directors, October 2019
Whole Document	Board of Directors, September 2020
Whole Document	Board of Directors, October 2021
Whole Document	Board of Directors, July 2022

## CONTENTS

REFERENCES.....	6
Key to Abbreviations .....	7
Introduction.....	8
1. ORGANISATION.....	8
2. ROLES AND RESPONSIBILITIES .....	8
2.1 ROLE OF THE CHIEF EXECUTIVE OFFICER (CEO).....	9
2.2 ROLE OF THE CHIEF FINANCIAL OFFICER (CFO).....	9
2.3 THE ROLES OF THE TRUST MANAGER, FINANCE (TMF), BUSINESS MANAGERS (BM), FINANCE MANAGERS (FM), OFFICE MANAGERS (OM), FINANCE OFFICERS (FO) AND BUDGET HOLDERS.....	10
2.4 SUMMARY OF RESPONSIBILITIES .....	10
2.5 THE ROLE OF THE LGB.....	10
2.6 THE ROLE OF THE FPC .....	11
2.7 THE ROLE OF THE HEADTEACHER .....	11
2.8 THE ROLE OF THE FINANCE TEAM .....	12
2.9 THE ROLE OF STAFF.....	12
3. DELEGATED AUTHORITY AND SCHEME OF DELEGATION .....	12
3.1 VIREMENTS WITHIN BUDGET SHARE .....	12
3.2 ORDERS.....	13
3.3 INVOICES.....	13
4. REGISTER OF INTERESTS .....	13
5. PROCESS FOR INDEPENDENT CHECKING.....	13
5.1 INVESTIGATION OF FRAUD AND IRREGULARITY .....	13
5.2 APPOINTMENT OF EXTERNAL AUDITORS .....	14
5.3 AUDITORS RECOMMENDATIONS AND REPORTS .....	14
6. ACCOUNTING SYSTEM AND POLICIES .....	14
6.1 SYSTEM ACCESS.....	14
6.2 BACK-UP PROCEDURES .....	14
6.3 TRANSACTION PROCESSING .....	14
6.4 TRANSACTION REPORTS .....	15
6.5 RECONCILIATIONS .....	15
6.6 OPERATION OF LOCAL EXPENDITURE BANK ACCOUNT.....	15
6.7 PETTY CASH ACCOUNTS .....	15
6.8 POLICIES.....	15
6.9 TAXATION .....	18
7. FINANCIAL PLANNING .....	18
7.1 THE MAT DEVELOPMENT PLAN (MDP).....	18
7.2 ANNUAL BUDGETS.....	19

7.3 MONITORING AND REVIEW .....	20
7.4 RESERVES .....	20
7.5 INVESTMENTS.....	20
8. STAFF APPOINTMENTS AND PAYROLL .....	20
8.1 STAFF APPOINTMENTS.....	20
8.2 PAYROLL ADMINISTRATION .....	21
8.3 PAYROLL PAYMENTS.....	21
9. OTHER MATTERS.....	22
9.1 MAKING CONTROVERSIAL, SIGNIFICANT OR UNUSUAL DECISIONS .....	22
9.2 MANAGING SURPLUS GENERAL ANNUAL GRANT (GAG).....	22
9.3 POOLING OF GAG .....	22
9.4 FINANCIAL AUTONOMY.....	22
9.5 REGISTER OF PECUNIARY (OR BUSINESS) INTERESTS .....	24
9.6 GIFTS .....	24
9.7 EXPENSES PAID TO GOVERNORS.....	25
10. SECURITY, INVENTORIES, STOCKS AND DISPOSAL OF ASSETS.....	25
10.1 SECURITY .....	25
10.2 INVENTORIES.....	25
10.3 ACQUISITIONS AND DISPOSAL OF ASSETS .....	26
10.4 LOAN OF EQUIPMENT .....	26
11. CHARGING POLICY .....	26
11.1 CHARGES .....	26
11.2 REMISSIONS .....	27
11.3 VOLUNTARY CONTRIBUTIONS .....	27
12. INSURANCE/RISK PROTECTION ARRANGEMENTS.....	27
13. RECEIVING INCOME.....	28
APPENDIX A: TENDERING POLICY.....	29
A-1 INTRODUCTION .....	29
A-2 FORMS OF TENDER.....	29
Open Tender:.....	29
Restricted Tender:.....	29
Negotiated Tender: .....	29
A-3 PREPARATION FOR TENDER .....	29
A-4 INVITATION TO TENDER .....	30
A-5 TENDER ACCEPTANCE PROCEDURES .....	30
A-6 TENDER OPENING PROCEDURES .....	30
A-7 TENDER EVALUATION AND DECISION.....	30
A-8 TENDERING FOR MAJOR CONTRACTS VIA THE OFFICIAL JOURNAL OF THE EUROPEAN UNION (OJEU) .....	30

APPENDIX B: FRAUD POLICY INCLUSIVE OF CYBERCRIME .....	32
B-1 INTRODUCTION.....	32
B-2 PREVENTION .....	32
B-3 LEADERSHIP .....	32
B-4 MANAGEMENT PROCEDURES .....	32
B-5 STAFF APPOINTMENTS .....	32
B-6 CASH .....	32
B-7 CHEQUES .....	33
B-8 PURCHASING .....	33
B-9 CHECKS AND BALANCES.....	33
B-10 BEHAVIOUR PATTERNS .....	33
B-11 WHISTLEBLOWING POLICY .....	33
B-12 FRAUD RESPONSE PROCEDURE.....	33
B-13 RESPONSIBILITY FOR INVESTIGATION.....	34
B-14 PREVENTION OF FURTHER LOSS.....	34
B-15 ESTABLISHING AND SECURING EVIDENCE.....	35
B-16 RECOVERY OF LOSSES.....	35
B-17 FINAL REPORT .....	35
APPENDIX C: LETTINGS POLICY.....	36
APPENDIX D: DELEGATION AND FINANCIAL CONTROL.....	37
D-1 ROUTINE PURCHASING .....	37
D-2 BUSINESS CHARGE CARDS .....	38
D-3 PROCUREMENT OF GOODS AND SERVICES .....	38
D-4 PURCHASING .....	39
D-5 VIREMENTS.....	42
D-6 RESERVES EXPENDITURE APPROVAL (where applicable, this process precedes D4 Purchasing) .....	43
D-7 REDUNDANCY AND SEVERENCE NON-STATUTORY/NON-CONTRACTUAL PAYMENT.....	44
D-8 WRITE-OFFS.....	45

## **REFERENCES**

- A. Academies Trust Handbook (issued annually)**
- B. Academies Accounts Direction (issued annually)**
- C. Companies Act 2006**
- D. Charities Statement of Recommended Practice (SORP) (FRS 102)**
- E. Corporation Tax Act 2010**
- F. Taxation and Charitable Gains Act 1992**
- G. *(Now included in the text of this Handbook)***
- H. Academy and Free School: Master Funding Agreement – December 2014 – Kingsbridge Educational Trust**
- I. Mainstream Academy and Free School: Supplemental Funding Agreement – April 2016 – Oakgrove School**
- J. Mainstream Academy and Free School: Supplemental Funding Agreement – April 2016 – Middleton Primary School**
- K. Deed of Novation and Variation of the Funding Agreement for Oakgrove School**
- L. Deed of Novation and Variation of the Funding Agreement for Middleton Primary School**
- M. Mainstream Academy and Free School: Supplemental Funding Agreement – Monkston Primary School**
- N. Mainstream Academy and Free School: Supplemental Funding Agreement – Kents Hill Park School**

## Key to Abbreviations

AGSA	Admissions and Governor Services Administrator
AGM	Annual General Meeting
AO	Accounting Officer
BCP	Business Continuity Plan
BM	Business Manager
BoD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DBS	Disclosure and Barring Service
DTMAGS	Deputy Trust Manager, Admissions & Governor Services
ESFA	Education and Skills Funding Agency
FA	Finance Assistant
FAHRCT	Finance, Audit & Human Resources Committee of the Trust
FM	Finance Manager
FO	Finance Officer
FPC	Finance & Personnel Committee
HMRC	Her Majesty's Revenue & Customs
HR	Human Resources
HRD	Human Resources Director
IA	Internal Audit/Auditor
KET	Kingsbridge Educational Trust
LGB	Local Governing Body
LGPS	Local Government Pension Scheme
MAT	Multi-Academy Trust
MDP	MAT Development Plan
NI	National Insurance
OM	Office Manager
RO	Responsible Officer
RPA	Risk Protection Arrangement
SEF	Self-Evaluation Form
SERPS	State Earnings-Related Pension Scheme
SIP	School Improvement Plan
SoD	Scheme of Delegation
TFH	Trust Financial Handbook
TMF	Trust Manager, Finance
TMAGS	Trust Manager, Admissions & Governor Services
TMFE	Trust Manager, Facilities & Estates
TMICT	Trust Manager, Information and Communications Technology
TPS	Teachers' Pension Scheme

Please note that the words School and Academy are used interchangeably throughout this Handbook.

Where posts referenced in the TFH are not currently filled within the Trust or Trust Schools, the CEO or Headteachers must assign the responsibility to a post within their staffing structure.

The Scheme of Delegation for non-financial powers and duties, together with the terms of reference for the Board and all statutory committees, can be found in the document Terms of Reference for the Board of Directors and all statutory committees and Scheme of Delegation of non-financial powers and duties to the Local Governing Bodies and Headteachers of Oakgrove, Middleton, Monkston and Kents Hill Park Schools for the financial year 2020-21.

## Introduction

Kingsbridge Educational Trust (KET) maintains and develops systems of financial control which conform to both propriety and good financial management to meet the requirements of our funding agreements with the Education and Skills Funding Agency (ESFA). KET schools must comply with the principles of financial control in the Academy Funding Agreements and the Academies Trust Handbook (**Reference A**).

Compliance with this manual is mandatory and any contravention of procedures must be brought to the attention of the Accounting Officer (AO) (the Chief Executive Officer (CEO)).

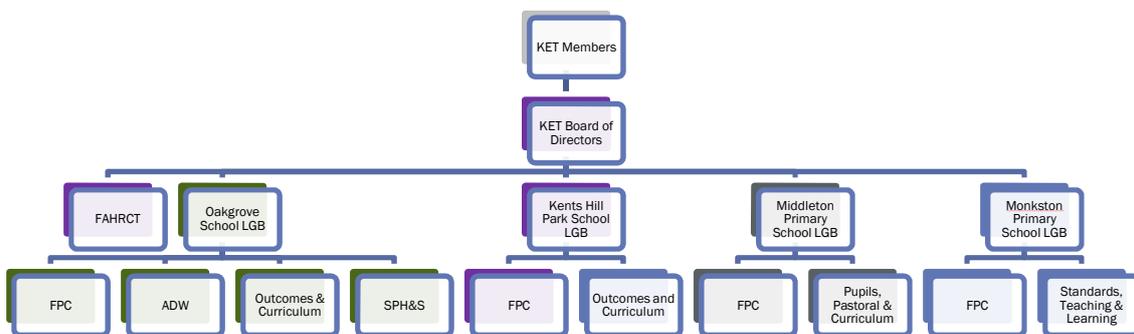
KET's whistleblowing policy outlines to whom they should report any concerns regarding malpractice and wrongdoing. Any suspected financial irregularity will be reported to the ESFA.

The KET's Finance, Audit & Human Resources Committee of the Trust (FAHRCT) will review all controls and procedures of financial systems within the Trust. Monitoring of the financial administration and management in each School is carried out by the AO, the CFO, the TMF, Headteachers and Local Governing Bodies (LGBs).

## 1. ORGANISATION

KET is a Multi Academy Trust (MAT). It is a company limited by guarantee with charitable status and all Schools within KET are governed by one Trust (the Members) and a Board of Directors (BoD). The BoD will establish the FAHRCT. The LGB of each School must establish a Finance & Personnel Committee (FPC). The terms of reference for each committee must be reviewed and approved by the BoD annually and can be found in the document *KET Terms of Reference for the Board of Directors* and all statutory committees and *Scheme of Delegation of non-financial powers and duties to the LGBs and Headteachers*.

## 2. ROLES AND RESPONSIBILITIES



The main responsibilities of KET are prescribed in the Funding Agreements with the ESFA at **References H to N**. The key responsibilities include:

- ensuring that grants from the ESFA are used only for the purposes intended
- approval of the annual budget
- balancing its budget from year to year
- production of an Annual Report and Accounts
- appointment of auditors
- appointment of the CEO as AO
- appointment of the CFO and TMF in conjunction with the CEO
- ensuring regularity, propriety and value-for-money in relation to the management of public funds

Subject to provisions of **Reference C**, the KET Articles of Association and any directions given by special resolution, the business of the Company will be managed by the Directors who may exercise all the powers of the Company. The following sections summarise the responsibilities of those individuals with key roles in the administration and accountability of the KET finances.

## 2.1 ROLE OF THE CHIEF EXECUTIVE OFFICER (CEO)

The CEO has overall responsibility for the KET's financial activities. As the AO for the KET, the CEO is personally responsible for:

- propriety and regularity of the public finances for which they are answerable, standards of conduct, behaviour and corporate governance
- keeping of proper accounts
- prudent and economical administration, avoidance of waste and extravagance and ensuring value for money
- efficient and effective use of all available resources
- management of opportunities and risks

As part of the Statutory Audit process, the AO is required to complete and sign a short statement each year explaining how the Trust has secured value for money.

In practice, much of the financial responsibility is delegated to the CFO but the CEO still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for senior staff posts which Directors and Governors have agreed should be approved by them
- authorising orders, contracts and releasing payments in conjunction with other authorised signatory in accordance with the Scheme of Delegation (SoD) – **Appendix D**.
- preparing budget plans in conjunction with the CFO
- implementing expenditure in line with approved budgets
- seeking BoD approval for purchase orders or contracts in excess of delegated thresholds
- submitting reports to the BoD, giving details of income, expenditure and commitments to date
- ensuring any actions resulting from the annual audit are implemented

## 2.2 ROLE OF THE CHIEF FINANCIAL OFFICER (CFO)

The CFO works in close collaboration with the CEO, through whom they are responsible to the Members. The CFO also has direct access to the Directors of the KET and Governors of the constituent Schools. The main responsibilities of the CFO are listed below, though day-to-day management may be delegated to the TMF:

- management of financial issues including the establishment and operation of an accounting system
- management of the KET's financial position at strategic and operational levels within the framework for financial control
- preparation of budget plans, in conjunction with the CEO and Headteachers
- the maintenance of effective systems of internal control
- maintenance of adequate fixed asset registers
- liaising with auditors to the present the annual accounts and the underlying books and records of the Trust
- the preparation of regular management accounts
- ensuring forms and returns are sent to the ESFA in line with their guidance
- additional roles as outlined in the CFO's job description
- ensures compliance with Companies and Charities Acts.

## 2.3 THE ROLES OF THE TRUST MANAGER, FINANCE (TMF), BUSINESS MANAGERS (BM), FINANCE MANAGERS (FM), OFFICE MANAGERS (OM), FINANCE OFFICERS (FO) AND BUDGET HOLDERS

Other members of staff, primarily the TMF, BM, FMs, OMs, FOs, FAs and departmental budget holders, will have some financial responsibilities and these are detailed in following sections of this manual. All staff are responsible for the security of KET property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources, and for conformity with the requirements of the KET's financial procedures.

## 2.4 SUMMARY OF RESPONSIBILITIES

- The management of the school is the responsibility of its LGB and the committees created by the LGB. The LGB delegates day to day responsibility to the Headteacher. Committees of the LGB will act strictly within the remit allocated to them by the LGB.
- Management and administration duties undertaken by the Headteacher and members of school staff shall be carried out in accordance with the terms of this statement and their contract of employment
- The FPC will set/recommend to the LGB an annual budget for the school for submission to the BoD, which accords with the school's aims and objectives, as set out in the current MDP and the legislative responsibilities undertaken by the LGB.
- The Headteacher will prepare a recommendation for expenditure by reference to the anticipated budget provision of the school in order to allow due consideration and approval by the FPC. The Headteacher will advise the FPC on all areas of the school budget
- The FPC will consider the recommendation of the Headteacher and set an Annual Budget. It will ensure that adequate long term budgeting is undertaken in order that the long term performance of the school may be maintained.

## 2.5 THE ROLE OF THE LGB

The core duties of the LGB are:

- ensuring clarity of vision, ethos and strategic direction
- holding the Headteacher to account for the educational performance of the School and its pupils
- overseeing the financial performance of the School and making sure its money is well spent
- ensuring the highest standards of teaching and learning.
- ensuring the highest standards of safeguarding and welfare.

To achieve their objectives, the LGB should address matters such as:

- policy development and strategic planning, including target-setting to sustain momentum on school improvement;
- ensuring the sound management and administration of the School;
- ensuring that managers are equipped with relevant skills and guidance;
- ensuring compliance with legal requirements;
- safeguarding and welfare;
- establishing and maintaining a transparent system of prudent and effective internal controls;
- management of the School's financial, human and other resources (in particular control over the spending identified in the MDP);
- monitoring performance and the achievement of objectives, and ensuring that plans for improvement are acted upon;
- helping the School be responsive to the needs of parents/carers and the community and making it more accountable through consultation and reporting;
- setting the School's standards of conduct, behaviour and values; and
- assessing and managing risk.

- acknowledgement of the MDP and approval of the School Improvement Plan (SIP) and Self-Evaluation Form (SEF);
- approval of specific policies (e.g. related to curriculum, teaching and learning, etc.);
- recommending the School budget for approval by the BoD;
- determining employees' remuneration, subject to the Trust's policies and within the delegated levels (below senior management),
- making decisions involving controversial, significant or unusual discretion within the limits delegated by this scheme;
- Safeguarding

## 2.6 THE ROLE OF THE FPC

In order to assist in the fulfilment of the LGB's responsibilities, the FPC will meet as necessary. Best practice will be to convene meetings at least once a term to:

- determine the school's annual budget, including staffing.
- plan the school budget in accordance with the priorities in the SIP.
- consider reports from the Headteacher, comparing expenditure with budget and to approve virements as necessary.
- oversee the LGB's arrangements for obtaining quotations and inviting tenders.
- submit to the LGB any proposed write-offs and disposals of surplus stock and equipment.
- determine matters relating to building maintenance, health and safety and lettings outside school hours in accordance with the Governors' delegated responsibilities.
- determine matters relating to school security.
- determine insurance arrangements.
- determine the limits of authority which they delegate to the Headteacher and approve expenditure recommended by the Headteacher above those limits.
- consider the findings and recommendations of Responsible Officer (RO) Audit reports and findings identified by the CEO/CFO.

## 2.7 THE ROLE OF THE HEADTEACHER

The day-to-day operation of the budget is delegated to the Headteacher, who in turn may delegate to the BM of each school, as appropriate, who will be responsible for:

- preparing the SIP and school budget in accordance with priorities agreed by the governors and submission of these plans to the LGB for approval.
- managing internal control systems and internal financial transactions
- maintaining adequate financial records in accordance with **Reference A**.
- setting limits of expenditure for members of staff authorised to place orders.
- providing regular budget monitoring reports to Governors. This should highlight any variations in expenditure against the approved budget plan.
- monitoring the school cash flow.
- ensuring that returns to the ESFA and the BoD/FAHRCT are submitted according to published deadlines.
- providing access to accounting and other relevant records for Audit, including school fund(s), and implementing auditor recommendations where necessary.
- checking that the school inventory is maintained as accurately and up to date as possible and ensuring that an independent check of the inventory is made at least once a year. Communicating amendments to the CFO as required.
- recommending to Governors equipment to be written off or removed. Ensuring that disposal of such equipment is adequately recorded in the Governors' minutes and that the disposal of assets is conducted in an open manner and that income generated from disposal is maximised. Ensuring that stolen items are reported to the FPC before formal approval to delete that item from the inventory/asset register is given.

- ensuring that adequate procedures are in place for the prompt security marking of all items of a portable and desirable nature.
- ensuring that adequate controls are in place to ensure that all responsibilities delegated are monitored.
- maintaining a central file of all submitted applications for grant funding and for their counter signature and submission for audit purposes.

## 2.8 THE ROLE OF THE FINANCE TEAM

Subject to the detail of individual job descriptions, the Headteacher may delegate financial procedures to the Finance Team. The Finance Team's roles may include:

- reviewing the monthly salary reports and signing and dating these to confirm they are accurate and noting any queries.
- providing budget monitoring / monthly outturn reports for the Headteacher to present to Governors and submission to the CFO.
- submitting pay returns to the HRD as appropriate.
- ensuring that invoice checking procedures are followed.
- ensuring, in conjunction with the Headteacher, that authorisation of orders, invoices and schedules are in accordance with this Policy and **Reference A**.
- prompt and intact banking of income and associated recording of income in accordance **Reference A**.
- operating the local expenditure bank account as per **Reference A**.
- preparing cash flow statements so as to ensure the School has sufficient cash to meet its needs and submitting these to the FPC.
- administering the recording of income received, and payments made from the School Fund. Retention of all documents such as collection records and receipts to support the transactions processed through the school fund. Preparation of the year end summary of transactions for inspection, in accordance **Reference A**.
- assisting in the maintenance of an accurate inventory and associated security procedures.
- assisting in the preparation of the 3-year budget plan and the financial returns to the ESFA.

## 2.9 THE ROLE OF STAFF

The role of staff in school financial administration is:

- to familiarise themselves with this Handbook.
- to conduct all financial transactions relating to the school in accordance with this Handbook.
- to manage any budget delegated to them by the Headteacher responsibly, and after due consultation with relevant staff.
- to actively seek 'best value' on all work, goods, materials or services procured on behalf of the school.
- to ensure that all relevant documents (delivery notes, invoices etc.) are promptly passed to the Finance Officer for processing.

## 3. DELEGATED AUTHORITY AND SCHEME OF DELEGATION

The authority delegated to the Trust for its financial transactions is set out in **Reference A**.

### 3.1 VIREMENTS WITHIN BUDGET SHARE

Within the total approved budget, the Headteacher is authorised to vary the annual forecast from the budget prepared by the FPC and approved by the full LGB and the BoD. This variation may be the result of any change in the day-to-day spending plans of the school, but must still be

in accordance with the aims and objectives of the school, as laid down in the SIP and within the total expenditure previously approved. This variation, known as a 'Virement within Budget Share' shall not exceed the limits set at **Appendix D**. A 'Virement within Budget Share' in excess of these limits shall be recommended to the FPC by the Headteacher and actioned only after minuted approval by the FPC.

### 3.2 ORDERS

Orders must be authorised in accordance with **Appendix D**. In the absence of the staff named in **Appendix D**, the FPC will nominate a member of staff to authorise the raising of orders on a temporary basis. This officer should be a senior member of the teaching staff.

### 3.3 INVOICES

Invoices will be authorised for payment by the relevant cost centre holder and then passed to the Finance Office for recording and payment through the accounting system.

## 4. REGISTER OF INTERESTS

Anyone involved in spending public money must demonstrate that they do not benefit personally from the decisions they make. All Members, Directors, Governors and staff who can influence financial decisions, or have spending powers, are required to declare any financial interests they have in companies or individuals from whom the KET, or its constituent Schools, may purchase goods or services. The register of financial interests is open to public inspection and 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 KET. The disclosures should also include business interests of relatives, such as a parent, spouse or business partner, where influence could be exerted over a Member, Director, Governor or a member of staff by that person. Relationships with connected parties will require high standards of accountability and transparency. All relevant business and pecuniary interests of Members, Directors and Governors of KET and constituent Schools must be published on the School's website.

The existence of a register of business interests does not detract from the duties of Members, Directors, Governors and staff to declare interests whenever they are relevant to matters being discussed in a meeting. Where an interest exists, Members, Directors, Governors and staff should withdraw from that part of the meeting. The Clerks to the BoD/FAHRCT and Governing Bodies will make copies of the Register of Pecuniary Interests and minutes of all meetings available to Auditors. They will also provide auditors with any explanations required that cannot be dealt with by CFO/TMF/BM.

## 5. PROCESS FOR INDEPENDENT CHECKING

The FAHRCT, on behalf of the BoD, will undertake the process for independent checking of financial controls, systems, transactions and risks. The committee will review the risks to internal financial control and agree an annual programme of work that will address these risks, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors. This programme will be managed through one or more of the following options:

- the work of an Internal Audit (IA) service (bought-in or provided by a sponsor)  
the performance of a supplementary programme of work by the KET's external auditors

### 5.1 INVESTIGATION OF FRAUD AND IRREGULARITY

The personal responsibilities of the AO extend to the prevention of loss through fraud and irregularity. However, in addition to the AO's responsibilities, the members of the BoD are also responsible for preventing such losses of public funds and this means that Members, Directors

and Governors must be aware of the risk that fraud and irregularity could occur within their organisations and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. The BoD is also responsible for ensuring appropriate action is taken where fraud and irregularity are suspected or identified. The Fraud Policy in **Appendix B** outlines the procedures to be adopted in such an event.

All instances of fraud or theft committed against the KET, whether by employees, Governors or third parties, above the threshold set down in **Reference A**, must be reported by the KET to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.

## 5.2 APPOINTMENT OF EXTERNAL AUDITORS

The KET is required to submit the accounts for an annual audit and external auditors need to be appointed by the Trust. The appointment should be for a one year period, renewable at the discretion of the BoD, up to a maximum tenure of five years. The auditors are required to give an opinion on whether the financial statements have been prepared in accordance with **Reference B** issued by the ESFA, proper accounting records have been kept by the Trust and its constituent Schools throughout the financial year and grants made to the KET have been applied for the purposes intended. The external auditors cannot provide internal audit services to KET.

## 5.3 AUDITORS RECOMMENDATIONS AND REPORTS

The FAHRCT receives reports and decides what recommendations to implement and ensures compliance with decisions. FPCs then receive and review the auditor's reports and recommendations. The CFO/TMF plan and implement recommended changes and assist the Headteachers to prepare a response to audit points.

# 6. ACCOUNTING SYSTEM AND POLICIES

The KET is registered annually under the Data Protection Act (ICO Reference ZA213132). The registration requires a single Data Controller to be named and in the Trust it is the CFO.

All the financial transactions of the KET must be recorded on the chosen accounting system operated by the Finance Departments in each School. Financial records are required to be kept for at least six years. This is a requirement laid down by Her Majesty's Revenue and Customs (HMRC).

## 6.1 SYSTEM ACCESS

The accounting system is protected by access permissions granted only to authorised staff. Access permissions should be strictly controlled and individual log-ins and passwords should not be compromised, or shared. The CFO is responsible for determining the access levels for all members of staff using the system. The TMF will manage the system access in consultation with the OM/BM of each School. All leavers with previous access to the accounting system must have their access permissions formally removed.

## 6.2 BACK-UP PROCEDURES

The CFO is responsible for ensuring that there are effective back up procedures for the system. The CFO should also prepare a disaster recovery plan, to be invoked in the event of loss of accounting facilities or financial data. This should link to the annual assessment of the major risks to which it is exposed and the systems that have been put in place to mitigate those risks.

## 6.3 TRANSACTION PROCESSING

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this document. All journal entries must be documented in the accounting system. Bank transactions should be input by the School's Finance Officers and the input should be checked, and signed to evidence this check, by the TMF. Detailed information

on the operation of the accounting system can be found in the help functions and user manuals provided by the software provider.

#### 6.4 TRANSACTION REPORTS

The CFO/TMF will review system reports to ensure that only regular transactions are posted to the accounting system. The reports reviewed will include monthly payroll reports, monthly bank statement reconciliations, monthly charge card statements, monthly VAT returns and management accounts

#### 6.5 RECONCILIATIONS

TFM/FMs/FOs are responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- trial balance
- bank balance per the nominal ledger to the bank statement
- procurement cards
- VAT
- Petty cash

Any unusual or long outstanding reconciling items must be brought to the attention of the CFO/TMF.

#### 6.6 OPERATION OF LOCAL EXPENDITURE BANK ACCOUNT

Each school must implement the following controls:

- A list of cheque/BACS signatories (mandate) should be drawn up whereby all BACS/cheques must have a minimum of two authorised signatories (See above).
- A minimum of three signatures should be maintained on the mandate.
- The Headteacher may sign all BACS/cheques unless they are payable to themselves. The exception is for payroll which will include Headteachers, but which have been previously authorised by the HRD.
- No member of staff is permitted to sign BACS/cheques payable to themselves or to someone closely connected to themselves or in whom they have a pecuniary interest.

Arrangements made with the bank must include a statement to be provided at least once a month and to disallow any overdraft. Direct Debit payments may be entered into for the payment of utility bills and bills from other suppliers with whom the school has a regular contract. The value of each Direct Debit should be reviewed and compared with invoices received from the supplier. Suppliers paid by Direct Debit must be reviewed regularly to ensure they continue to provide Best Value. On receipt of the bank statements, the school will reconcile the bank balance to the balance held in the accounting system.

#### 6.7 PETTY CASH ACCOUNTS

Cash is administered by the Finance Office, or BM/OM for primaries, with reimbursements made from the FO/BM/OM on production of supporting vouchers and receipts. Receipts should be recorded in the petty cash system with the date, amount and a reference relating to the payment. All cash receipts should be paid directly into the bank. Petty cash payments will be limited to £50. Higher value payments should be made by transfer directly from the main bank account or through an employee's pay. Personal cheques must not be encashed from petty cash funds. The CFO/TMF should periodically review and countersign the petty cash reconciliations.

Cash must be securely held at all times with access strictly limited to authorised officials only. Cash holdings should not exceed the liability level outlined in the membership rules of the RPA.

#### 6.8 POLICIES

Financial statements are prepared to 31st August each year in accordance with the requirements of **Reference C** and applicable UK accounting standards and the accounting policies agreed by Directors and set out in this manual. Reference will also be made to **Reference B**, issued annually and the specific guidance in terms of statutory accounts preparation requirements will be adopted. The financial statements are prepared under the historic cost convention in accordance with applicable accounting standards and **Reference C**.

The Directors assess whether preparation of the accounts on a going concern basis is appropriate after considering whether there are any material uncertainties related to events or conditions that may cast significant doubt on the KET's ability to continue to operate as a going concern. The Directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

All incoming resources are recognised when the KET has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of its entitlement to receipt, its recognition is deferred and included in the Balance Sheet as deferred income. Where entitlement is confirmed before income is received, the income due in the accounting period is accrued.

Donations are reported in the Statement of Financial Activities on a cash received basis, or on an accruals basis where they are assured and are receivable by the Balance Sheet date. Assets donated to the Trust are recognised at their open market value in the period in which they are receivable in incoming resources, where the benefit to the KET can be reliably measured and quantified. An equivalent amount will also be recognised in the relevant fixed asset category and depreciated over its expected useful economic life on a basis consistent with the depreciation policy for that category. The value of donated services and gifts in kind provided to the KET is recognised in the Statement of Financial Activities as incoming resources at their estimated value to the Trust in the period in which they are receivable, and where the benefit is both quantifiable and material.

Other income is recognised within the Statement of Financial Activities on a receivables basis.

Resources expended are recognised in the period in which the expenditure is incurred. They are classified under headings that aggregate all costs relating to that activity. Where costs cannot be directly attributed to particular headings, they are allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated, based on the spread of staff costs. In accordance with **Reference D**, costs are classified as Cost of Generating Funds, Charitable Activities or Governance Costs. All resources expended are inclusive of irrecoverable VAT.

Assets costing £1,500 or more are capitalised at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government, or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where the related grants require the asset to be held for a specific purpose they are credited to the restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet with this amount being reduced over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land

The principal annual rates used for other assets are:

- Freehold buildings 2%
- Fixtures and fittings 20 %

• Furniture and equipment	10 – 20 %
• Computer equipment and software	20%
• Vehicles	10 – 20 %

Assets in the course of construction are included in the balance sheet at cost. Depreciation on these assets is not charged until they are brought into use. A review of impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Rentals under operating leases, where all of the benefits and risk of ownership remain with the lessor, are charged on a straight line basis over the term of the lease. Finance leases are not taken out by the KET as this would be a form of borrowing not permitted by the terms of **Reference A** or Academies' funding agreements.

Retirement benefits to employees of the KET are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are no longer contracted out of the State Earnings-Related Pension Scheme (SERPS) (as at April 2016), and the assets are held separately from those of the KET. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the KET in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll.

The TPS is a multi-employer scheme and the KET is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year. The LGPS is a funded scheme and the assets are held separately from those of the KET in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities.

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

The 16-19 Bursary is treated as a Restricted Fund as reporting of income and associated expenditure is required by the ESFA on the face of the Accounts Return/Income and Expenditure report. The allowance of 5% as a contribution to administration costs is recognised in the statement of financial activities.

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

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

Restricted Fixed Asset Funds are resources which are to be applied to specific capital purposes determined by the Education Funding Agency and other funders, where the asset acquired or created is held for a specific purpose.

The KET operates software specifically designed for schools with Academy Status. The system incorporates suitable control features. Accounting records are properly maintained and held

securely. Vouchers and other documents relating to financial transactions are stored for 7 years in accordance with **Reference C**. All financial transactions are traceable from the original documentation to the accounting records and vice versa.

## 6.9 TAXATION

The FAHRCT will receive reports from IA on tax compliance. The CFO/TMF prepare guidance for Schools on charging VAT on income and a VAT return will be submitted monthly by the TMF. The HRD checks that any payments to employees, consultants and self-employed persons are tax compliant. The KET is considered to pass the tests set out in Paragraph I Schedule 6 of **Reference F** and, therefore, meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly, the KET is exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II of **Reference E** or Section 256 of **Reference F**, to the extent that such income or gains are applied exclusively to charitable purposes.

## 7. FINANCIAL PLANNING

The KET prepares both 3-Year (medium term) and 1-Year (short-term) financial plans. The medium term financial plan is prepared as part of the strategic planning process. The MAT Development Plan (MDP) indicates how the KET's educational and other objectives are going to be achieved within the expected level of resources. The MDP provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the KET and the planned use of those resources for the following year. The strategic planning process and the budgetary process are described in more detail below.

- The BoD set parameters for reserves as part of the reserves policy following recommendation from FAHRCT.
- The LGBs then decide on the level of reserve within the Trust's parameters. Available reserves may be used in year providing the level of the remaining reserves comply with the Trust's Reserves Policy.
- The CFO ensures that the proposed reserves level complies with Trust policy, which will reflect Charity Commission requirements, if applicable.
- FPCs review School draft budgets & recommend them to their LGBs for approval.
- Following LGB approval, the OM, BM or FM submits the budget to the TMF/CFO for consolidation into the single budget plan.
- The TMF/CFO consolidates the budget and ensures it reflects the BoD's direction and the Headteachers' needs. The budget must include details of each school's capital plans.
- The BoD receives a consolidated budget for approval.
- The FAHRCT approves the final budget as recommended by each school's LGB and incorporated in the consolidated Trust budget.
- Consolidated reports for the whole Trust are reviewed by the FAHRCT each term and in summary by the BoD.
- FPC review the year to date report at its meetings. Chairs of FPCs report any significant items to the LGBs.
- Virements may be made in accordance with the authority limits shown in **Appendix D**.
- Additional expenditure in excess of approved budget may be made in accordance with the authority limits shown in **Appendix D**.

### 7.1 THE MAT DEVELOPMENT PLAN (MDP)

The MDP is concerned with the future aims and objectives of the MAT (i.e. the KET) and how they are to be achieved; that includes matching the KET's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big

picture” within which more detailed plans may be integrated. Each year the CEO will propose a planning cycle and timetable which allows for:

- a review of past activities, aims and objectives - “did we get it right?”
- definition or redefinition of aims and objectives – “are the aims still relevant?”
- development of the plan and associated budgets – “how do we go forward?”
- implementation, monitoring and review of the plan – “who needs to do what by when to make the plan work and keep it on course”
- feedback into the next planning cycle – “what worked successfully and how can we improve?”

The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the CEO. The completed MDP will include detailed objectives for the coming academic year and the wider School Improvement Plans (SIP) will outline objectives for the following two years as well.

## 7.2 ANNUAL BUDGETS

Annual budgets will reflect the best estimate of the resources available to each School for the forthcoming year and how those resources are to be utilized. There should be a clear link between the MDP objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable
- review of other income sources available to the individual Schools within the KET to assess likely level of receipts
- review of past individual performance against budgets to promote an understanding of the KET cost base
- identification of potential efficiency savings
- review of the main expenditure headings in light of the strategic plan objectives and the expected variations in cost, e.g. pay increases, inflation and other anticipated changes
- liaison with external agencies including major suppliers to ensure that the KET’s best financial interests are met.
- 

Individual School plans and budgets will need to be revised until income, expenditure and carry-forward are in balance. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding (but see RESERVES below). If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. If a potential surplus is identified at an individual School within the KET, this may be held back as a contingency or alternatively carried forward to invest in future years’ priorities for the pupils that the School serves.

It will be the responsibility of each School’s FPC to set/recommend to the LGB of their respective School an annual budget for submission to the BoD. Such approval should be clearly minuted in sufficient time to allow prompt submission of aggregated plans to the ESFA and should be accompanied by a statement of assumptions and explanations behind the plan so that if circumstances change, it is easier for all concerned to take remedial action.

The approved, aggregated budget must be submitted to the ESFA by 31 July each year (or at a date specified by the ESFA) and the CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met. Budgets should be seen as a baseline document which may need reforecasting throughout the year as circumstances change. Formal changes will be reported to BoD as required.

### 7.3 MONITORING AND REVIEW

Budget monitoring reports contain variances which are highlighted for discussion as appropriate. Monthly reports should be prepared by each School. The reports will detail actual income and expenditure against budget, both for budget holders and at a summary level for the Headteacher. A copy must then be provided to the CFO to produce and provide an aggregated report for the Directors of the KET. The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. Material overspends against budget which affect the overall forecast of outturn must, in the first instance, be discussed with the CFO. Each School should present monitoring reports to its FPC in line with the ESFA's guidance, and, after approval from this committee, the reports should be presented to the School's LGB.

### 7.4 RESERVES

When funding allows, the KET will endeavour to hold a free reserve (including brought-forward balance) that is equivalent to at least 5% of current General Annual Grant (GAG) as a contingency. Free reserves exclude fixed asset funds, other restricted and designated funds. The purpose of the free reserve is to provide sufficient resources to deal with unexpected costs such as urgent maintenance, or to cover delays in the receipt of grants. No maximum overall reserve has been set. It is the BoD's policy to retain as much of the funding as possible and to add to this reserve as funds allow, without compromising provision for existing pupils.

### 7.5 INVESTMENTS

The BoD decides what types of investments may be made in accordance with any agreed policies. If balances in excess of one month's salary costs can be reliably foreseen, the TMF will seek the CFO's authorisation to place the identified surplus on fixed term deposit with Lloyds Bank, if this would attract a higher rate of interest than is being earned in the current account. The CFO will periodically compare rates and terms offered by other banks or building societies on instant access or short notice access (max. 3 months) deposit accounts and advise the FAHRCT accordingly. The FAHRCT has the authority to authorise the opening and closing of such accounts.

## 8. STAFF APPOINTMENTS AND PAYROLL

See also **Appendix D**.

### 8.1 STAFF APPOINTMENTS

The LGBs have approved a personnel establishment for each Academy in the KET and the Headteachers at each School must ensure that adequate budgetary provision exists for any establishment changes. The BoD has the authority to appoint the CEO and CFO and the Headteacher at each School. The Human Resources Director (HRD) at the KET maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified to the HRD by the School. The CEO is responsible for ensuring that the KET's pay policy is implemented.

The HRD is responsible for ensuring that the statutory obligations around the safer recruitment policy and procedures are administered and will be responsible for maintaining accurate records of all staff employed in the KET in a single central record.

Personnel information is held in manual files under the guidance of the CEO with access strictly limited to authorised officials only and separately on the SIMS computer system, for which relevant registration under the Data Protection Act is held.

## 8.2 PAYROLL ADMINISTRATION

The KET payroll is administered by individual Schools, overseen by the HRD, in conjunction with the payroll provider and software. Amendments to payroll data, e.g. appointments, resignations, pay changes and overtime, are made on the payroll software, authorised by the Headteacher at each School (or the CEO for Central Function staff).

All supply teacher, casual working and overtime claims must be checked and confirmed by a budget holder and must be forwarded promptly to the School's Finance Office.

Expenses guidance is set by BoD. Headteachers can authorise all claims within their school or delegate authority to budget holders. The Chair of the LGB or CEO can authorise Headteacher's expense claims or delegate to another Executive Director other than the CFO.

## 8.3 PAYROLL PAYMENTS

All staff are paid monthly in arrears by bank credit transfer to their bank accounts. The payroll system automatically calculates the deductions due from payroll to comply with legislation. The major deductions are for Income Tax, National Insurance (NI) contributions and pensions. The amounts paid are summarised on the payroll reports.

The TMF and Schools' Finance Officers should review the payroll reports (as a minimum the payroll summary and reconciliation to previous months) to verify the accuracy of payments due. Any variations should be investigated and reported to their Headteacher and queries raised immediately with the HRD. The reconciliation should then be signed by the preparer and the Headteacher (CEO for Trust) to confirm that all necessary checks have been undertaken. On an annual basis, the HRD will produce an annual pay notification on the following basis:

	Teaching Staff:	Associate Staff:
KET	As at 1 September	As at 1 April SLT as at 1 Sept
KHP	As at 1 September	As at 1 April
Middleton	As at 1 September	Staff employed after 1 Sept 2016 as at 1 April Staff employed prior to 1 Sept as at 1 Oct
Monkston	As at 1 September	Staff employed after 1 Sept 2016 as at 1 April Staff employed prior to 1 Sept as at 1 Oct
Oakgrove	As at 1 September	Staff employed after 1 Sept 2016 as at 1 April

The HRD has a responsibility for ensuring that all payments to individuals are subject to Income Tax, National Insurance and pension deductions, where appropriate. In order to achieve this:

- an assessment must be made as to whether the individual is providing a contract of service (i.e. is employed) or a contract for services (i.e. is self-employed),
- if considered to be a contract of service, the individual shall be set up as an employee of the KET before receiving payment through the payroll

- where an individual seeks payment from the School for a contract for services, this must be in the form of an invoice.

Careful attention should be paid to repetitive payments to individuals for services, as this could lead to challenges to their status as self-employed.

Travel claims may be processed and paid directly by the School. The HRD will determine the rates of reimbursement which will not exceed the HMRC Approved Rate. Exceeding this rate would render the claimant liable to income tax and N.I. on the excess amount.

## 9. OTHER MATTERS

### 9.1 MAKING CONTROVERSIAL, SIGNIFICANT OR UNUSUAL DECISIONS

The CFO/TMF will consider whether any proposed transaction needs to be referred to the ESFA. The Academies Trust Handbook (Reference A) requires novel and/or contentious decision to be referred to ESFA before a final decision is taken. Situations may arise where it may appear to the KET to make sense to enter into a transaction which is irregular, improper or does not provide value for money. In these circumstances the KET must seek prior, written permission from the ESFA. Such transactions may additionally require HM Treasury approval, dependent on the nature of the transaction involved.

### 9.2 MANAGING SURPLUS GENERAL ANNUAL GRANT (GAG)

ESFA previously set limits on the amount of GAG that could be carried forward by trusts from year-to-year. These limits have now been removed for eligible academy trusts. However, trusts are still required to use their allocated GAG funding for the full benefit of their current pupils. If a trust has a substantial surplus above the limit set in 7.4 RESERVES above, they should have a clear plan for how it will be used to benefit pupils, for example a long-term capital project. ESFA will report to DfE any trusts where it has serious concerns about a long-term substantial surplus with no clear plans for its use.

### 9.3 POOLING OF GAG

KET retains the right to amalgamate a proportion of GAG funding for all its Schools to form one central fund. This fund can then be used to meet the normal running costs at any of the constituent Schools within the trust. KET must give individual consideration to the funding needs and allocations of each constituent School, and must have an appeals mechanism in place. If a constituent School's Headteacher feels that the School has been unfairly treated, they should first appeal to the BoD. If the Headteacher's grievance is not resolved, they can then appeal to the Secretary of State, via ESFA, whose decision will be final and who can dis-apply the provisions for pooling in this handbook in relation to the KET.

### 9.4 FINANCIAL AUTONOMY

Notwithstanding the pooling of GAG above, KET protocol is for all Schools to have the maximum level of autonomy in all aspects of their functioning. However, the BoD recognises that the areas of financial autonomy and standards autonomy are those of highest risk to the overall efficient and effective functioning of the KET as a whole. Therefore, the KET will undertake regular monitoring and evaluation of each School to ensure that any deviance from the standards in this Handbook is quickly identified and that plans for remedial action are structured and likely to be successful.

Schools may manage their financial systems and procedures differently. They may also react differently to the challenges posed by sudden changes and/or unexpected difficulties. It is the role of the CEO, the CFO and the FAHRCT to identify what is happening, whether there are remediable issues or not, and what would most effectively improve upon them. Reductions in

autonomy will be situation dependent and decided on the basis of the financial deviance protocol by the CEO and the FAHRCT utilising the advice of the CFO.

The table below identifies general levels of autonomy and the kind of identification and notifications that are needed. Any reductions in autonomy will be detailed for the Headteacher and LGB along with detailed recommendations for actions necessary to facilitate improvement and to move the School back to a higher level of autonomy. It will include timescales for the improvement, performance criteria for the improvement to be deemed successful and how the return to a higher level of autonomy would be effected.

<b>Level of Financial Autonomy</b>	<b>Control Over</b>	<b>Identification</b>	<b>Notification of move reducing autonomy to next level down</b>
<b>4 - Complete</b>	All aspects of financial and budgetary management, staff employment, resource procurement, capital programmes, capitation, et al under the full control of the Head/LGB	CFO: Through regular financial and budgetary monitoring and evaluation done by CFO	Verbal highlighting of issues by CFO to Head/LGB to enable remedial actions before next LGB meetings  Following this a letter detailing the concerns will be issued
<b>3 – Largely</b>	Largely autonomous with most aspects of financial and budgetary management, resource procurement, capitation, et al under the full control of the Head and LGB but with wider controls/some restrictions on some high level staff employment, capital programmes and larger expenditures or virements of the budget	CFO: Through regular financial and budgetary monitoring and evaluation done by CFO and then FAHRCT: Through follow up reporting by CFO to FAHRCT who direct CFO action	Written reports of CFO of detailed recommendations to the FAHRCT to remedy any issues identified. Followed by a recorded letter of extent of reduction in autonomy from CEO to LGB
<b>2 – Reduced</b>	Reduced autonomy in many areas of financial and budgetary management as well as most large financial expenditures including most high level staff employment, larger resource procurement, capital programmes and any larger expenditures or virements of the budget	CFO/CEO and FAHRCT: Through regular financial and budgetary monitoring and evaluation done by TMF/CFO/CEO and then the FAHRCT identifying remedial actions	Letter from CEO to LGB outlining issues and detailed recommendations of CFO and the FAHRCT to remedy issues identified in order to regain greater autonomy

<b>Level of Financial Autonomy</b>	<b>Control Over</b>	<b>Identification</b>	<b>Notification of move reducing autonomy to next level down</b>
<b>1 – Minimal</b>	Significant reductions in all areas of financial and budgetary management as well as most large financial expenditures including all staff employment, larger resource procurement, capital programmes and all larger expenditures or virements of the budget	CEO and FAHRCT: following extensive monitoring and evaluation by TMF/CFO/CEO and the FAHRCT they make all necessary recommendations for reductions in autonomy	Letter from Chair of FAHRCT to LGB outlining issues and detailed recommendations of CFO and the KET FAHRCT that must be immediately implemented in order to address serious weaknesses identified
<b>0 - None</b>	Zero autonomy with all aspects of financial management, staff employment, resource procurement, capital programmes, capitation, et al under the full control of the CEO and the KET.	FAHRCT and BoD: following extensive monitoring and evaluation by TMF/CFO/CEO and FAHRCT they remove all financial autonomy to prevent further financial risk/damage	

### 9.5 REGISTER OF PECUNIARY (OR BUSINESS) INTERESTS

The LGB, or relevant committee of the LGB, shall maintain a 'Register of Pecuniary Interests' that lists the personal interests, financial or otherwise, that could be deemed to cause a potential conflict of interest for any Governor, Headteacher or any other member of staff. All Governors and members of staff shall declare in writing if they have a pecuniary interest in a personal capacity in any contract with the school.

The Clerks to the Governors shall keep the Registers up to date as new Governors or staff join the School and must undertake an annual review. A Pecuniary Interest form should contain the following information:

- the name of the Governor or member of staff
- the company or organisation of interest to the Governor or member of staff
- the nature of the interest

Those Governors or staff not holding any pecuniary interests must submit a nil return. Any relevant business and pecuniary interests, especially connected parties, of members, directors and governors must be published on the KET website and that of its constituent schools.

### 9.6 GIFTS

Gifts in kind are included in the School's accounts (within the Statement of Financial Activities) in the accounting period in which they are received. The value placed on gifts in kind should be either a reasonable estimate of their gross value to the School or the amount actually realised as in the case of second-hand goods donated for resale.

When the school receives assistance in the form of donated services (e.g. 'time') or facilities, the incoming resources should be included in the Statement of Financial Activities, if the benefit to the school is reasonably quantifiable and measurable. This is to be limited to donations by an individual or entity as part of their trade or profession. (For example, if a local accountancy firm

agreed to supply an accountant free of charge to assist the school's Finance Office for a couple of hours a month, this is included in the accounts. However a police officer talking to a group of pupils as part of his/her community liaison role will not be classified as a donation, as this service is always provided free as part of normal police activities.)

In contrast, if donations are made as part of a trade or profession, the contributions of volunteers are excluded from the Statement of Financial Activities as the value of their contribution cannot be reasonably quantified in financial terms. (For example, parents/carers or other volunteers assisting with reading in the classroom are excluded. However the exclusion of these contributions is disclosed in the Trustees' Annual Report, if this information is necessary for the reader to gain a better understanding of the school's activities.)

The value placed on donations which are included in the Statement of Financial Activities are the price the School estimates it would pay in the open market for the services or facilities. Full records of receipt of business contributions are retained for the auditors.

Staff are required to follow the guidance contained in **References A and B** and the Staff Handbook on accepting gifts or hospitality. Approval is sought from the Headteacher before accepting anything with a value in excess of £50. All approved gifts or hospitality are recorded in the Gifts and Hospitality Register and reported to the FPC or FAHRCT as appropriate.

### 9.7 EXPENSES PAID TO GOVERNORS

Expenses may be paid to Governors in accordance with DfE guidance.

## 10. SECURITY, INVENTORIES, STOCKS AND DISPOSAL OF ASSETS

The Headteacher is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, etc. under its control. The CFO will ensure appropriate inventories are in place. The Headteacher oversees School OM/BM and site staff arranging security of physical assets and site.

### 10.1 SECURITY

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores. Safes must be kept locked and the key removed. Keys to safes and cash boxes must be carried on the person of the nominated key holder at all times. The loss of such keys should be reported to the Headteacher and CFO immediately. Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet. The insurance limit for cash (and cheques) held in a safe is reviewed annually by the CFO in consultation with the insurer/RPA. Losses due to theft of stocks or cash shall be promptly reported to the Police, Headteacher, Governing Body and the CFO.

The TMICT is to ensure that there are effective back up procedures for all computer systems. Arrangements should be made to ensure that only authorised staff have access to computer hardware and software used for school management. Passwords should not be disclosed or shared and should be changed regularly. Access rights of any staff leaving the school should be promptly revoked.

### 10.2 INVENTORIES

An electronic asset register should be held by each School on the Parago platform, in which shall be recorded an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and equipment belonging to the School, where the current valuation (for property) or the acquisition cost (for other assets) is greater than the de minimis level of £1,500. The CFO directs School staff to tag all assets and control issues and allocations. He oversees Schools maintaining financial records and reconciling these to the inventory. Write-offs will be made in accordance with **Appendix D**.

All the items in the asset register should, where possible, be permanently and visibly marked as the School's property and there should be a regular (at least annual) sample count by someone other than the person maintaining the Asset Register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the LGB. Asset Registers should be kept up to date and reviewed regularly. Where items are controlled and used by the School, but do not belong to it, they should be recorded and their ownership noted.

### 10.3 ACQUISITIONS AND DISPOSAL OF ASSETS

The KET must comply with **Reference A**, Section 3 in regard to the acquisition and disposal of assets. Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher and, where significant, should be sold following due process:

- taking reasonable steps to advertise the disposal
- inviting bids for the asset (sealed bids are preferable)
- negotiating with potential purchasers

The BoD may agree to give assets bought for a proper purpose, but which are no longer needed for the conduct of its business, to a charity, up to a maximum value of £1,000 per single donation. The residual value of assets is determined by the greater of the written down value or market value. Disposal of equipment to staff is not encouraged, as it may be more difficult to demonstrate that the School obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the School would need to ensure licences for software programs have been legally transferred to a new owner. The School is expected to reinvest the proceeds from all asset sales, for which a capital grant was made, in other School assets. If the sale proceeds are not reinvested, then the School may need to repay to the ESFA a proportion of the sale proceeds.

### 10.4 LOAN OF EQUIPMENT

Items of School property must not be removed from School premises without the authority of the relevant line manager or Headteacher. A record of the loan must be recorded and the asset booked back in when it is returned. If assets are on loan for extended periods, or are loaned to a single member of staff on a regular basis, the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the School's auditors. A record/register of all property borrowed by staff and students is to be maintained by School. The policy is set by FAHRCT and implemented in each School. All issues and loans are signed for by staff in the register and students on a loan form. All staff and students must return any issued equipment when they leave the School

## 11. CHARGING POLICY

KET is committed to free school education for all in line with legislation, and will endeavour, within reason and as funding resources allow, to ensure that all activities offered wholly or mainly during the school day are available to all pupils, regardless of their respective parents/carers ability to pay. However, LGBs reserve the right to request a voluntary contribution from parents/carers and, in the event of insufficient funding an activity, will be cancelled.

### 11.1 CHARGES

All charges levied are subject to review by the LGB during the Summer Term each year. The School may charge for:

- Board and lodging on residential educational visits during term time
- Activities wholly or mainly outside school hours which are not a requirement of a public examination or the national curriculum e.g. an annual ski trip.

- Entry fees for public examinations where the pupil is prepared for such an examination outside the school, or is sitting an examination not prescribed in the Education Regulations 1989.
- Entry fees for re-sitting public examinations, unless the pupil is given further preparation for the examination in timetabled lessons.
- Materials or ingredients required for practical subjects such as Technology where the parents/carers have indicated beforehand that they wish the finished product to be owned by them or the pupils. The Subject Leader is to encourage pupils to purchase the finished products and will consider asking for a small deposit at the beginning of the course.
- School property damaged, defaced or lost by their child.
- Music tuition. A subsidised cost will be charged for additional lessons specifically requested by parents/carers for their child to learn a particular musical instrument. The level of subsidy may change from year to year, depending upon budget constraints and may be withdrawn completely.
- Text books pupils wish to annotate and/or keep after their course is completed.

## 11.2 REMISSIONS

The School will consider requests for financial support for those parents/carers who are in receipt of qualifying benefits for free school meal entitlement (e.g. Universal Credit, Child Tax Credit, etc.). In considering such requests the School will need to take into account any financial constraints.

## 11.3 VOLUNTARY CONTRIBUTIONS

The Governors may seek voluntary contributions from parents/carers for the benefit of the School in support of any School activity. Such contributions are to be genuinely voluntary with no obligation on parents/carers to contribute and with no difference in treatment between pupils whose parents/carers have or have not contributed financially.

## 12. INSURANCE/RISK PROTECTION ARRANGEMENTS

KET will take out such insurance/risk protection arrangements (RPA) as it sees fit, as it is advised, or as is necessary to comply with statutory requirements. The Trust will obtain the following insurance cover as a minimum:

- Buildings and contents
- Business continuity
- Employers and Public Liability

All risks will be reviewed annually to ensure that the cover is adequate. All contractors must have public liability insurance before they are allowed to undertake work on the School's premises. People hiring the School's premises and using facilities should either be covered by the KET's insurance at an additional cost, or must produce valid public liability insurance with indemnity up to £5,000,000.

Schools will provide the CFO with all information required to arrange cover. The CFO will review cover levels and negotiate insurance/RPA cover. The FAHRCT will review the overall risk management strategy, approach and attitude to risk. LGBs will review and approve the register annually. LGBs will consider whether any risk needs to be amended or added at each meeting. The CFO will produce and maintain the risk register. FAHRCT approves the Business Continuity Plan (BCP) and reviews it annually. Schools provide information and review it annually.

### 13. RECEIVING INCOME

Income generated by external service provision will be retained by KET, less any sums due to individuals on agreed terms.

The main sources of income for the School are the grants from the ESFA. The receipt of these sums is monitored directly by the TMF, who is responsible for ensuring that all grants due to each School are collected. Schools also obtain income from:

- student teachers from universities and other institutions
- hiring of premises and facilities
- school meal sales
- commission on uniform and school photograph sales
- pupils, mainly for trips
- external peer review and support services
- wrap-around care

Charges can also be made to pupils to defray the costs of certain activities (see section 19. Charging Policy). Curriculum departments may generate some income through entrepreneurial activities. Such charges should be made in accordance with the KET's charging policy. The Headteacher prepares plans and proposals, including risk assessments and schedule of charges, for approval by LGB. The OM/BM will support the Headteacher in preparing the plans and proposals. CFO will oversee risk assessment and viability appraisal for potential activities. If a trip or activity makes a profit, refunds of the surplus in excess of £5.00 per pupil should be offered to those parents/carers who made a voluntary contribution.

Premises hire charges are determined by the Governing Body's policy on premises hire, unless exceptional circumstances require otherwise. In such circumstances, charges are determined at the discretion of the Lettings Manager. Headteachers have authority to allow discounts on rates for staff members and charities within limits set by the LGB. CFO is responsible for ensuring all legal obligations are met in licences and leases.

All monies must be banked, in their entirety, in the appropriate bank account. The Finance Officer is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Headteacher. All outstanding invoices should be reviewed each month by the Finance Office and pursued to ensure that the School receives all monies due.

Schools may write off debts and losses, including any uncollected fines up to the limits outlined in **Appendix D**. In relation to these limits, the amounts for write offs are before any successful claims from an insurer and total income is defined as grant income as disclosed in the KET's last set of audited accounts.

## APPENDIX A: TENDERING POLICY

### A-1 INTRODUCTION

For goods or services where the value exceeds the value set at **Appendix D** but is below the threshold for the OJEU procurement regulations, Kingsbridge Educational Trust (the MAT) must follow a competitive tendering process.

### A-2 FORMS OF TENDER

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.

#### Open Tender:

This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the CFO how best to advertise for suppliers (e.g. general press, trade journals) or to identify all potential suppliers and contact them directly, if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

#### Restricted Tender:

This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs, or:
- a large number of suppliers would come forward or because the nature of the goods is such that only specific suppliers can be expected to supply the MAT's requirements, or:
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering, or:
- the known suppliers have a track record with the school, based on efficient service and prices, which are likely to have been market tested on previous occasions.

#### Negotiated Tender:

The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- an existing contract is extended to cover expansion within a single school or within the Trust.
- the above methods have resulted in no acceptable tenders.
- only one or very few suppliers are available.
- extreme urgency exists.
- continuation with an existing supplier is justified.

### A-3 PREPARATION FOR TENDER

Full consideration should be given to:

- objective of the project.
- overall requirements.
- technical skills required.
- after sales service requirements.
- form of contract.

It may be useful, after all requirements have been established, to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements, to help reach an overall decision.

#### A-4 INVITATION TO TENDER

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender should include the following:

- introduction/background to the project.
- scope and objectives of the project.
- technical requirements.
- implementation of the project.
- terms and conditions of tender.
- form of response.

#### A-5 TENDER ACCEPTANCE PROCEDURES

The invitation to tender should state the date and time by which the completed tender document should be received by the MAT. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline can be declined.

#### A-6 TENDER OPENING PROCEDURES

All tenders submitted should be opened at the same time in the presence of two people, one of whom should be a senior representative from the MAT. A record should be made of the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

#### A-7 TENDER EVALUATION AND DECISION

When evaluating tenders, consideration should be given to:

**Cost -** Care should be taken to ensure that competing suppliers have quoted for the same goods or services. Where discrepancies arise, suppliers should be contacted to amend their quotes where necessary to ensure a fair comparison between suppliers. There may be scope for negotiation on cost if a particular supplier is preferred for quality/suitability reasons, but is not the cheapest.

**Quality/Suitability -** Due regard should be given to the qualifications and experience of the contractor, and the quality and suitability of the goods/services offered. Where necessary, references should be sought from other customers.

The evaluation process should involve at least two people, one from the Finance Team. Full records should be kept of all criteria used for evaluation and a one page summary report prepared for the FAHRCT, summarising the options and giving a recommendation. The accepted tender should be the one that has matched the standards of quality and quantity set in the tender, can be delivered within the timescale required and is economically most advantageous to the MAT.

#### A-8 TENDERING FOR MAJOR CONTRACTS VIA THE OFFICIAL JOURNAL OF THE EUROPEAN UNION (OJEU)

In rare circumstances the MAT may tender for supplies where the value exceeds the EU procurement threshold. For tenders above this threshold, the MAT would be required to either tender for the work via an EU compliant purchasing consortium, or by inviting tenders on the OJEU website. In both cases the principles above remain, but when advertising directly with OJEU, there are certain additional procedures which need to be followed. The MAT must first register as a buyer, for example on the OJEU website [www.mytenders.org](http://www.mytenders.org). A tender specification can then be uploaded, giving a minimum time of 52 days in which to respond. Once all tenders have been received and evaluated, and a decision made in accordance with the

**Appendix D**, a “decision notice” or “standstill letter” must be issued to all candidates, giving the following information:

- the award criteria used
- reasons for the decision including the characteristics and relative advantages of the successful tender
- the scores obtained by the recipient of the letter and the successful contractor
- a statement of when the standstill period is to end. If the letter is sent by electronic means, this period will be 10 days

Once the standstill period has ended, the contract can be awarded officially. A contract award notice must be issued in the OJEU within 48 days of the award of the contract.

## APPENDIX B: FRAUD POLICY INCLUSIVE OF CYBERCRIME

### B-1 INTRODUCTION

For the purposes of this policy, fraud inclusive of cybercrime is defined as dishonest, irregular or illegal acts, characterised by a deliberate intent at concealment or false representation, resulting in the diversion of resources, whether or not for personal gain, for the benefit of an individual or group of individuals at a consequent loss to the School. The objective of this policy is to safeguard the proper use of the KET's finances and resources. The KET derives the majority of its income from public funds and so has a particular responsibility to ensure that income and resources are used solely for the purposes intended.

Fraud inclusive of cybercrime is a serious matter and the BoD are committed to investigating all cases of suspected fraud. Any member of staff, regardless of their position or seniority, against whom evidence of fraud is found, will be subject to disciplinary procedures that may result in dismissal. The KET will normally involve the police and may seek redress via civil proceedings.

### B-2 PREVENTION

As the aftermath of fraud is costly, time-consuming, disruptive and unpleasant, and may lead to adverse publicity, a major thrust of this Fraud Policy is prevention.

### B-3 LEADERSHIP

Directors, Governors and senior managers should ensure that their behaviour is demonstrably selfless and open and should champion the KET's policies on conflicts of interest, hospitality and gifts.

### B-4 MANAGEMENT PROCEDURES

Fraud can be minimised through carefully designed and consistently operated management procedures, which deny opportunities for fraud. Staff must comply with and should receive training in the School's policies on segregation of duties, data security and conflict of interest, and the KET's financial regulations. A continuous review of systems by audit may deter attempted fraud and should result in continuous improvements. The risk of fraud should be a factor in audit plans.

### B-5 STAFF APPOINTMENTS

Potential new members of staff must be screened before appointment, particularly for posts with financial responsibility. For example:

- references should cover a reasonable, continuous period of at least three working years, and any gaps should be explained
- references should cover character, in addition to academic or other achievement
- an official employer's reference should be obtained
- doubts about the contents of the reference should be resolved before confirming the appointment; if this is done by telephone, a written record of the discussion should be kept
- essential qualifications should be checked before making an offer of employment, for example by requiring original certificates at the interview
- Disclosure and Barring Service (DBS) checks must be completed

### B-6 CASH

Management of cash should include the following:

- Segregation of duties - systems should prevent one person from receiving, recording and banking cash. Where there are many outlets, the system should incorporate additional supervisory management, and unannounced spot checks. Segregation of duties should continue during periods of leave or sickness absence.

- Reconciliation procedures - an independent record of cash received and banked may deter and detect fraud. Documents used in reconciliation processes, such as paying-in slips, should not be available to the officer responsible for banking.
- Receipts should be issued in return for cash received, to provide an audit trail.
- Physical security, such as key pad controlled cashiers' offices and safes; keys and access codes should be kept secure.
- Frequent banking.

## **B-7 CHEQUES**

Cheques are often completed in ways which facilitate opportunist fraud. Cheques are sometimes intercepted by organised criminals who falsify payee and value details using sophisticated techniques. The following preventative measures should be taken:

- Physical security - unused, completed and cancelled cheques should never be left unsecured. Spoilt cheques should be retained for audit purposes.
- Monthly bank reconciliations – any discrepancies should be fully investigated.
- Segregation of duties.
- All cheques received in the post should be receipted.

## **B-8 PURCHASING**

Many of the largest frauds suffered by educational institutions have targeted the purchase ledger. Preventative measures should be taken as follows:

- Minimising little-used or unusual account codes.
- Ensuring that all account codes are effectively monitored and approved by line management.
- Segregation of duties.
- Requiring purchase orders for the procurement of all services, as well as goods.
- Matching the invoice amounts to the purchase order commitment in all cases. Variations should be investigated.
- A certified delivery note should be matched to the invoice for payment.
- Checking changes to bank details directly with suppliers. Changes to bank details notified by email should not be accepted without further checking in writing or with a phone conversation.

## **B-9 CHECKS AND BALANCES**

Detective checks and balances will be designed into all relevant systems and applied consistently, including segregation of duties, reconciliation procedures, random checking of transactions, and review of management accounting information, including exception reports. Systems should identify transactions which have not followed normal procedures.

## **B-10 BEHAVIOUR PATTERNS**

Suspect patterns of behaviour among staff dealing with financial transactions should be investigated, for example living beyond apparent means, regularly working alone out of normal hours and resistance to delegation. Any indication of addiction to drugs, alcohol or gambling should be addressed promptly, for the welfare of the individual and to minimise the risks to the Trust.

## **B-11 WHISTLEBLOWING POLICY**

Anyone suspecting fraud may use the KET's Whistleblowing Policy, which provides protection against reprisal for any such disclosure.

## **B-12 FRAUD RESPONSE PROCEDURE**

The purpose of this fraud response procedure is to define authority levels, responsibilities for action and reporting lines in the event of suspected fraud or irregularity. Those investigating a suspected fraud should:

- aim to prevent further loss
- liaise with the KET's Insurers
- establish and secure evidence necessary for criminal and disciplinary action
- inform the police
- endeavour to recover losses
- take appropriate action against those responsible
- keep internal personnel and outside organisations with a need to know suitably informed, on a confidential basis, about the incident and the Trust's response
- deal with requests for references for employees disciplined or prosecuted for fraud
- review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud

Members of staff, pupils, Members, Directors or Governors may suspect fraud or irregularity in the KET. If so, they should report it as soon as possible to the CEO/CFO, Headteacher or Chair of Governors. If the suspected fraud is believed to be related to the Headteacher then it should be reported to the CEO/Chair of Governors only and vice versa. The Headteacher/Chair of Governors should, as soon as possible (and with the aim of acting within 24 hours), chair a meeting with a project group (where no conflict of interest arises) to decide on the initial response.

KET must obtain permission from ESFA to pay any cyber ransom demands. KET under ESFA guidance supports the National Crime Agency's recommendation not to encourage, endorse, or condone the payment of ransom demands. It should be noted that payment of ransoms has no guarantee of restoring access or services and is likely to result in repeat incidents.

### **B-13 RESPONSIBILITY FOR INVESTIGATION**

The project group, chaired by the CEO/Headteacher, will decide on the action to be taken. This will normally be an investigation led by the CFO/TMF.

### **B-14 PREVENTION OF FURTHER LOSS**

Where initial investigation provides reasonable grounds for suspecting that fraud has taken place, the project group will decide how to prevent further loss. This may require the suspension of the suspect, or suspects, under the appropriate disciplinary procedure. It may be necessary to plan the timing of suspension to prevent suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.

In these circumstances, the suspect, or suspects, should be approached unannounced. They should be supervised at all times before leaving the KET's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the KET. Any security passes and keys to premises, offices and furniture should be returned. The Site Manager should be required to advise on the best means of denying access to the School while suspects remain suspended, for example by changing locks and informing security staff not to admit the individuals to any part of the premises. Similarly, the ICT Manager should be instructed to withdraw without delay access permissions to the Trust's computer systems.

The project group will consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the School's assets

### **B-15 ESTABLISHING AND SECURING EVIDENCE**

The KET will follow disciplinary procedures against any member of staff or pupil who has committed fraud and will normally pursue the prosecution of any such individual through the criminal courts. The project group will:

- ensure that evidence requirements are met during any fraud investigation
- establish and maintain contact with the police
- ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings

### **B-16 RECOVERY OF LOSSES**

The Auditor will endeavour to ensure that the amount of any loss is quantified. Repayment of losses will be sought in all cases. Where the loss is substantial, legal advice should be obtained about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice may be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The Trust will normally expect to recover costs in addition to losses.

### **B-17 FINAL REPORT**

On completion of an investigation, a written report shall be submitted to the FAHRCT/FPC containing:

- a description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud
- the measures taken to prevent a recurrence
- any action needed to strengthen future responses to fraud, with a follow-up report on whether the actions have been taken.

## APPENDIX C: LETTINGS POLICY

School lettings administration is the responsibility of individual schools, though Oakgrove and Kents Hill Park are being evolved in parallel under a common administration based at Oakgrove.

School lettings policies will be approved at LGB level.

## APPENDIX D: DELEGATION AND FINANCIAL CONTROL

KET aims to achieve the best value for money from all purchases. Public funds integrity must be maintained by following the general principles of Probity, Accountability and Fairness.

### D-1 ROUTINE PURCHASING

Budget holders will be informed of their budget once formally ratified and approved by their LGB. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent.

It is essential that all of the following controls are adhered to:

- Orders should not be entered into verbally unless a charge card has been used.
- Orders should always include the School's terms & conditions in order to protect the KET against default terms and conditions imposed by suppliers
- The use of 'Official Order Forms' through the local system automatically updates the financial records and enables committed expenditure to be included in management information for Directors/Governors
- In exceptional circumstances (e.g. Emergency repairs) orders may be placed by telephone. In such circumstances, a confirmation order should be generated. Orders may be scanned to suppliers, in order to reduce timescales. In such circumstances care should be taken to scan both sides of the official order form, so the supplier receives the KET's terms and conditions.
- Orders should only be approved in accordance with the authorised limits.
- Orders may only be used for goods and services provided to the KET. Private individuals and other organisations may not use 'Official Order Forms' to obtain work, goods, materials and services net of VAT.

The budget holder and/or the School's Finance Office must arrange for the delivery of goods and services to the School. On receipt, a detailed check against the order is required. Without a delivery note, the receipt should be recorded on the order form or invoice. Discrepancies should be notified to the supplier without delay. If items are rejected or returned because they are not as ordered or are of sub-standard quality, the School's Finance Office should be notified. The School's Finance Officer will keep a central record of all goods returned to suppliers. All invoices should be sent to the School's Finance Office to be checked against the order and the delivery note to evidence that the invoice is arithmetically correct, goods/services were received as ordered and prices are correct.

Invoices will be authorised as outlined below and then passed to the School's Finance Office for recording and payment. FMs/OMs/FOs/BMs can add suppliers to the Purchase Ledger within the accounting software. The CFO/TMF will approve any supplier nominated for preferred supplier status. Preferred suppliers are those whose rates/prices and terms and conditions have been checked in advance to ensure that they will provide good value for money. Procurement and purchasing must be undertaken in accordance with the thresholds and authorities outlined below.

As part of the Trust's due diligence processes into slavery and human trafficking, the supplier approval process will incorporate a review of the controls undertaken by the supplier. Imported goods from sources from outside the UK and EU are potentially more at risk for slavery/human trafficking issues. The level of management control required for these sources will be continually monitored.

The Trust procures goods, services, or works in a manner that is considerate of the impact, both positive and negative, that the Trust may have on the environment, the economy, and society in general and will not support or deal with any business knowingly involved in slavery or human trafficking.

## D-2 BUSINESS CHARGE CARDS

The FAHRCT sets the policy for who may hold charge-cards and the purposes for which they may be used. Headteachers authorise any use of the cards issued to Schools. The CFO approves all applications for charge-cards and authorised the use of the KET Central Function charge-card. Any cards held by anyone other than the Accounting Officer, CFO, TMF, Headteacher or the Finance Officer will be linked to a specific cost centre and should only be used to purchase goods from that cost centre. Each cardholder is personally responsible for the safe custody of their card. The card should be held securely at all times and any loss of cards should be reported immediately. Both the cardholder and the cost centre manager are jointly liable for the integrity of all transactions and proper and controlled use of the procurement card. All receipts must be produced, reconciled monthly to the monthly statement by the Finance Officer and reviewed and signed off by the Headteacher of each School. The CFO/TMF will check each School's monthly reconciliation to ensure that the business charge card system is operating correctly.

## D-3 PROCUREMENT OF GOODS AND SERVICES

It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent. Budget holders can track their budgets via a portal in the accounting system software.

All requests for new suppliers must be sent to the Finance Office with justification which may include for example:

- Value-for-money
- Unique product
- Replacement of current supplier due to poor service.

All supplier statements should be checked upon receipt against vendor line items. If an invoice number and amount cannot be matched, then the supplier should be contacted to provide a copy invoice. Supplier statements should be retained at the end of the financial year for audit purposes. The CFO will undertake an additional monthly review against the aged creditors list and notify individual Schools of any issues identified with the prompt payment to suppliers.

Thresholds listed below DO NOT include VAT.

## D-4 PURCHASING

	Budget Holder	BM/OM	SLT	Headteacher (if lowest cost not chosen)	Headteacher	FPC	LGB	CFO	CEO (if lowest cost not chosen)	CEO	BoD	Chair of Trustees	HM Treasury	Notes
<b>£0 - £1,500</b>	✓													Preferred suppliers where available Single quote only required
<b>£1,501 - £7,500</b>	✓	✓		✓										Preferred supplier or 3 quotes (telephone quotes acceptable) Headteacher to authorise only if lowest quote not chosen
<b>£7,501 - £15,000</b>	✓	✓	✓	✓										Preferred supplier or 3 quotes (telephone quotes acceptable) Headteacher to sign only if lowest quote not chosen BM/OM to authorise prior to SLT approval
<b>£15,001 - £30,000</b>	✓	✓			✓									Preferred supplier and 2 further quotes or 3 quotes (written quotes only acceptable) Headteacher's authority to replace FPC authority at this level

	Budget Holder	BM/OM	SLT	Headteacher (if lowest cost not chosen)	Headteacher	FPC	LGB	CFO	CEO (if lowest cost not chosen)	CEO	BoD	Chair of Trustees	HM Treasury	Notes
£30,001 £100,000	✓	✓			✓	✓		✓	✓					Preferred supplier and 3 quotes or 4 quotes (written quotes only acceptable) Single quote acceptable for bespoke or matching product FPC to approve. Approval to be countersigned by CFO subject to budget availability. CEO to approve only if lowest bid not chosen.
£100,001 or more	✓	✓			✓	✓		✓		✓	✓			Headteacher will direct staff to prepare a detail specification CFO will oversee tender process FPC to approve. CFO to manage the tender process on behalf of schools. CEO to authorise prior to ratification by BoD
Waiving 3-quotes (when required) up to £15,000					✓			✓						Headteacher to record reason for the waiver on the Purchase Order. Waiver to be copied by Finance Office to the CFO for information.
Waiving 3-quotes from £15,001 to £100,000					✓	✓		✓						Headteacher statement endorsed by FPC to be reviewed and approved by CFO. Non-approval cases to be referred to CEO for further review.

	Budget Holder	BM/OM	SLT	Headteacher (if lowest cost not chosen)	Headteacher	FPC	LGB	CFO	CEO (if lowest cost not chosen)	CEO	BoD	Chair of Trustees	HM Treasury	Notes
Waiving 3-quotes over £100,001					✓	✓		✓		✓				Headteacher statement endorsed by FPC to be reviewed and approved by CEO. Non-approval cases to be referred to the BoD for further review.

## D-5 VIREMENTS

	Budget Holder	BM/OM	SLT	Headteacher (if lowest cost not chosen)	Headteacher	FPC	LGB	CFO	CEO (if lowest cost not chosen)	CEO	BoD	Chair of Trustees	HM Treasury	Notes
£0 - £20,000					✓			✓						
£20,001 - £40,000					✓			✓						
£40,001 - £60,000					✓	✓	✓	✓						
£60,001 or more					✓	✓	✓	✓			✓			CFO to seek authority through FAHRCT

**D-6 RESERVES EXPENDITURE APPROVAL (where applicable, this process precedes D4 Purchasing)**

	Budget Holder	BM/OM	SLT	Headteacher (if lowest cost not chosen)	Headteacher	FPC	LGB	CFO	CEO (if lowest cost not chosen)	CEO	BoD	Chair of Trustees	HM Treasury	Notes
<b>£0 - £20,000</b>					✓									
<b>£20,001 - £40,000</b>					✓			✓						
<b>£40,001 - £60,000</b>					✓		✓	✓		✓				LGB can approve if budget remains balanced or adequate reserves exist otherwise CFO and CEO approval required. Additional grants received in-year (post budget setting) may be allocated without CFO/CEO approval.
<b>£60,001 or more</b>					✓		✓	✓		✓	✓			CEO/CFO seek Bod approval. Additional grants received in year (post budget setting) may be allocated with CFO/CEO approval.

### D-7 REDUNDANCY AND SEVERENCE NON-STATUTORY/NON-CONTRACTUAL PAYMENT

	Budget Holder	BM/OM	SLT	Headteacher (if lowest cost not chosen)	Headteacher	FPC	LGB	CFO	CEO (if lowest cost not chosen)	CEO	BoD	Chair of Trustees	HM Treasury	Notes
<b>£0 - £30,000 gross payment</b>					✓					✓				Headteacher prepares report for approval by CEO. Ex-gratia payments require ESFA approval
<b>£30,001 - £50,000 gross payment</b>					✓					✓		✓		Headteacher prepares report for approval by CEO. Ex-gratia payments require ESFA approval
<b>£50,001 or more gross payment</b>					✓					✓		✓	✓	AFH required HM Treasury approval. Ex-gratia payments require ESFA approval

## D-8 WRITE-OFFS

	Budget Holder	BM/OM	SLT	Headteacher (if lowest cost not chosen)	Headteacher	FPC	LGB	CFO	CEO (if lowest cost not chosen)	CEO	BoD	Chair of Trustees	ESFA	Notes
Individual and Cumulative Debt Write Off £0 - £5,000					✓					✓				Headteachers for Schools, CEO for Central Function
Individual and Cumulative Debt Write Off £5,001 - £44,999							✓	✓		✓	✓			LGB for Schools, FAHRCT for Central Function
Cumulative Debt Write Off £50,000 - £249,999								✓		✓	✓			FAHRCT
Individual Debt Write Off over £45,000								✓		✓	✓		✓	ESFA prior approval required
Cumulative Debt Write Off over £250,000.								✓		✓	✓		✓	ESFA prior approval required