



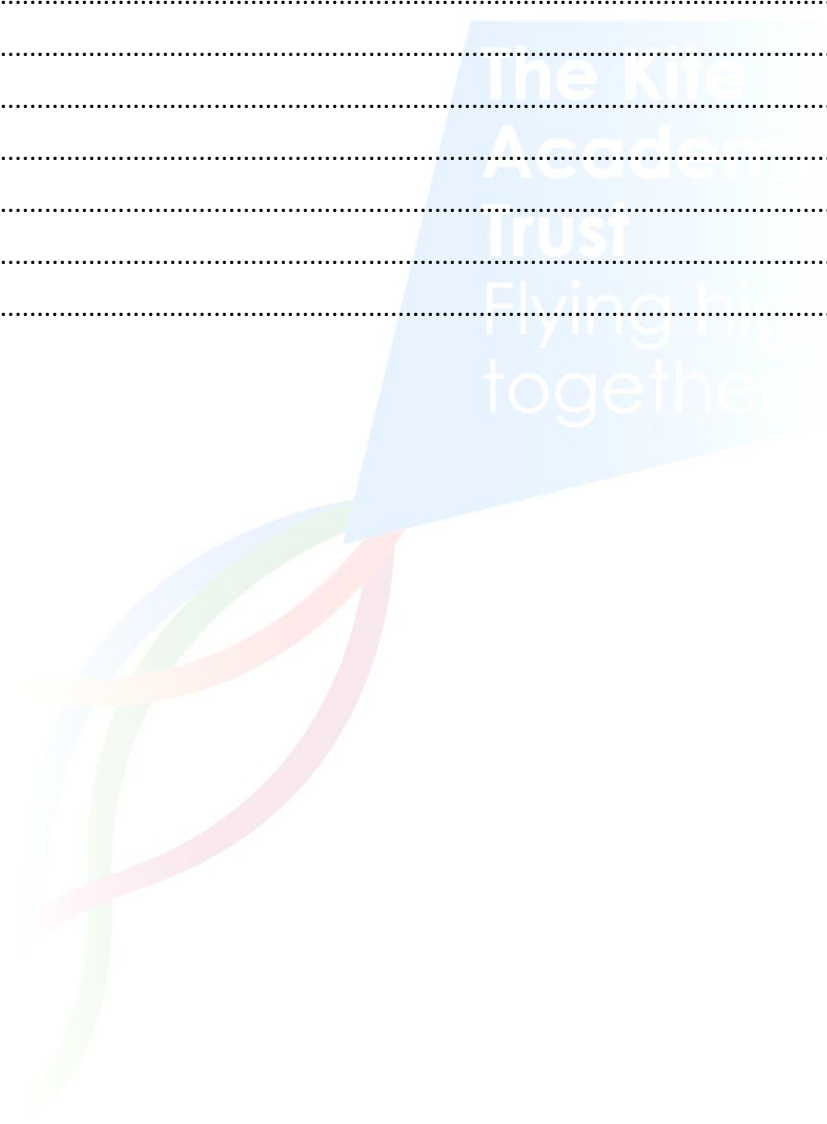
**The Kite  
Academy  
Trust**  
Flying high  
together

**KITE ACADEMY TRUST**  
FINANCE POLICY

v.XX.06

# Contents

1	Introduction.....	1
2	Roles & Responsibilities.....	1
3	Internal Control .....	3
4	Financial Planning, Monitoring & Reporting .....	4
5	Delegated Authorities.....	5
	Appendix A .....	8
	Appendix B.....	9
	Appendix C.....	10
	Appendix D .....	11
	Appendix E.....	13
	Glossary of Terms .....	15



## 1 Introduction

The purpose of this policy is to ensure that the Kite Academy Trust maintains effective and transparent systems of financial control which meet the requirements of the Funding Agreement between the Secretary of State for the Department for Education (DfE), the Academies Financial Handbook and the Academies Accounts Direction published by the Education & Skills Funding Agency (ESFA), Companies Act 2006 and the appropriate Charities SORP.

This policy applies to all Members, Trustees/Directors, Governors and staff, and adherence to its principles and procedures is mandatory.

## 2 Roles & Responsibilities

All Members, Trustees/Directors, Governors and staff must adhere to the 'seven principles of public life' as outlined in Appendix A. The specific roles and responsibilities of all groups of people or individuals who carry financial and assurance responsibilities within the Kite Academy Trust are outlined below:

### **Kite Academy Trust Board of Trustees**

The Kite Academy Trust Board of Trustees has wide responsibilities as defined under statute, regulations and the Master Funding Agreement as follows:

- Agreeing the long-term financial objectives of the Trust;
- Ensuring that Grants from the DfE are used only for the purposes intended;
- Delegating day-to-day financial management of the Trust to the CEO;
- Approval of the annual budgets and any material changes;
- Receiving reports on the expenditure against budget;
- Making decisions on actual financial requests from Academy Councils and Committees;
- Appointment of auditors;
- Reviewing the reports of auditors;
- Authorising contracts according to approved limits;
- Approval of the Kite Academy Trust financial statements;
- Appointment of the Chief Executive Officer and the Director of Finance;
- Reviewing annually the Finance Policy and Scheme of Delegation;
- Reviewing annually the terms of reference of the Kite Academy Trust Committees;
- Approval of any companies, subsidiaries or joint ventures

The Trustees evidence that their responsibilities are met through:

- Review of financial monitoring reports on a termly basis;
- Ensuring production of an Annual Report and Financial Statements in accordance with all finance policies, Kite Academy Trust Handbook, Academies Accounts Direction and the appropriate Charity SORP;
- Benchmarking key performance indicators against similar academies;
- Governance Statement within the Annual Report and Financial Statements;
- Independent Reporting Accountant's Assurance Report on Regularity within the Annual Report and Financial Statements;
- Production and monitoring of a Risk Register;
- Minutes of meetings;
- Ensuring adequate insurance cover is in place compliant with statutory obligation

### **Academy Council**

Overall responsibilities of the Academy Council are as follows:

- Review monthly management accounts and annual budget;
- Ensuring the register of pecuniary interest is kept up-to-date;
- Making recommendations to the Trust Board on project expenditure and planned use of resources;
- Receiving and commenting on the audit reports.

## **Kite Academy Trust Finance & Resources Committee**

The Board of Trustees have appointed the Finance & Resources Committee to provide assurance over the suitability of, and compliance with, its financial systems and operational controls.

The Committee provides assurance to the Board that risks are being adequately identified and managed by:

- Reviewing the risks to internal financial control of the Trust;
- Agreeing a programme of work to address and provide assurance on those risks

To support this work, the Kite Academy Trust Finance & Resources Committee can recommend the appointment of any of the following:

- The Trust's external auditor to perform a supplementary programme of work;
- An internal audit service;
- The appointment of a non-employed Trustee with appropriate level of qualifications and or experience who neither charge or are paid by the Trust for their work;
- A peer review

## **Chief Executive Officer**

The Chief Executive Officer (CEO) is the Accounting Officer (AO) with responsibility to Parliament and the Accounting Officer of the ESFA for the propriety and regularity of the public finances for which they are accountable. The responsibilities are outlined in the Academies Financial Handbook and include:

- The initial review and authorisation of the budget;
- The regular monitoring of actual expenditure and income against budget;
- Ensuring annual accounts are produced in accordance with the requirements of the Companies Act 1985;
- Ensuring that the regular reports to the Board are full and accurate;
- Authorising orders, payments and awards of contracts within approval limits;
- Authorising changes to the academies' personnel establishment

The AO will advise the Board of Trustees in writing if, at any time, in their opinion, any action or policy under consideration by them is incompatible with the terms of the Articles of Association, Funding Agreement or the Academies Financial Handbook.

The AO evidences that their responsibilities are met through:

- Verifying that the appropriate period end procedures have been undertaken and management reports produced (Appendix B);
- Compliance with the scheme of delegation, ensuring separation of duties (Appendix C);
- Verifying that an accurate Fixed Asset Register is maintained;
- Production of a Risk Register and subsequent actions;
- Benchmarking key performance indicators against similar academies;
- Minutes from appropriate Trustee/Committee meetings;
- A review of Value for Money within the Governance Statement in the annual report and financial statements;
- Statement of Regularity, Propriety and Compliance in the annual report and financial statements

## **Director of Finance**

The main responsibilities of the Director of Finance (DOF) are:

- The management of the Kite Academy Trust financial position at a strategic and operational level;
- The maintenance of effective systems of financial control;
- Submitting grant applications, reports and returns to the DfE, ESFA, the Teacher's Pension Agency and HMRC;
- Ensuring that annual accounts are properly presented and adequately supported;
- Overseeing the preparation of monthly management accounts;

- Virement decisions within agreed budgets, within Committees and Academy Councils delegated powers;
- Authorising orders, payments and the award of contracts within agreed limits

The DOF shows that their responsibilities are met through:

- Evidencing that the appropriate period end procedures have been undertaken and management reports produced (Appendix B);
- Termly submission of management reports to the Board of Trustees;
- Compliance with the scheme of delegation, ensuring separation of duties (Appendix C);
- Ensuring that an accurate Fixed Asset Register is maintained;
- Risk Register and subsequent actions;
- Supporting benchmarking key performance indicators against similar academies;
- Minutes from Committee meetings;
- A review of Value for Money;
- Timely submission of ESFA reporting requirements;
- Ensuring production of an Annual Report and Financial Statements that adhere to all financial/accounting policies

#### **All staff members**

All staff members have the following responsibilities:

- the security of Kite Academy Trust property;
- avoiding loss or damage to Kite Academy Trust property;
- ensuring economy and efficiency in the use of resources;
- conforming with the requirements of Kite Academy Trust's financial policies and procedures;
- reporting any misuse of Trust/academy property or resources to their line manager

### 3 Internal Control

#### **Internal Control Framework**

The Kite Academy Trust has established a control framework that recognises public expectations about governance, standards and openness. The Trust internal control framework includes:

- Co-ordinating the planning and budgeting processes (Appendix D);
- Applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties (Appendices B & C);
- Preparation of monthly budget monitoring reports;
- Ensuring that delegated financial authorities are respected (Appendix C);
- Effective planning and oversight of any capital projects (Procurement & Tendering Policy);
- The management and oversight of assets (Asset Register and Write off & Disposals Policy);
- The propriety and regularity of financial transactions (Appendix B);
- Reducing the risk of fraud and theft (Whistleblowing Policy);
- Ensuring efficiency and value for money in the organisation's activities (Procurement & Tendering Policy);
- A process for independent checking of financial controls, systems, transactions and risks (Independent review of internal controls & Risk Register)

#### **Whistleblowing**

The Kite Academy Trust has a policy in place for whistleblowing and ensures that all staff are aware to whom they can report their concerns, and the way in which such concerns will be managed.

#### **Risk Management**

The Kite Academy Trust has made a considered choice about its desired risk profile, taking account of its legal obligations, business objectives and public expectations. The recognised risks, and arrangements for managing present and future risks are recorded in the Trust's risk register.

The Trust's procedures for the management of risk include contingency and business continuity planning.

### **Insurance**

The Kite Academy Trust ensures that it has adequate insurance cover in compliance with its legal obligations as follows:

- Opted into the academies risk protection arrangements (RPA);
- Made separate arrangements for the insurance of any risks not covered in the RPA (e.g. equipment).

## **4 Financial Planning, Monitoring & Reporting**

The Trust will prepare both medium term and short-term financial plans to secure the long-term financial sustainability of the Kite Academy Trust. The plans will be prepared having regard to all known needs of the Trust, the Academy Improvement Plans and (where applicable) the Asset Management Plan.

The annual budget will reflect the best estimate of resources available to the Kite Academy Trust for the forthcoming year and will detail how these resources will be utilised. The CEO is responsible for approval by the Board of Trustees.

A balanced budget for all funds across the Trust, which can draw on unspent funds brought forward from previous years, will be submitted to the ESFA annually in line with the ESFA timeline and following their template. The Board of Trustees will notify the ESFA within 14 days if it is formally proposing to set a deficit revenue budget for the current financial year which it is unable to address, after unspent funds from previous years are taken into account.

Monthly finance reports will be prepared by the Director of Finance. The reports will detail actual income and expenditure against budget both for each academy within the Trust and at a summary level for the CEO, Executive Head Teachers, local Head Teachers, Governors and Trustees.

This is evidenced by the following:

- Minutes of meetings;
- The submission of the annual budget, informed by the Academy Improvement Plan and approved by the Board of Trustees to the ESFA (Revenue & Capital);
- The submission of a three-year budget plan, informed by the Academy Improvement Plans to the Board of Trustees (Revenue & Capital);
- Cash flow statement submitted to Trustees by the Director of Finance

### **Cash Management**

The opening of all bank accounts must be authorised by the Board of Trustees who must set out the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements.

Cash Management arrangements are as follows:

- The Trust's accounts must avoid going overdrawn;
- The Trust's cash flow position will be reviewed on a monthly basis. Where the cash flow position is such that the bank account might become overdrawn, then the CEO has the authority to request from the ESFA an early advance of the monthly budget allocation;
- Bank and cash control accounts will be reconciled on a monthly basis by the Finance Department.

### **Investments**

The Board of Trustees may invest to further the Trust's charitable aims, but will ensure that investment risk is properly managed. When considering making an investment the Board of Trustees will:

- Only act within their powers to invest as set out in the Kite Academy Trust Articles of Association;
- Have an Investment Policy to manage, control and track financial exposure, and ensure value for money;
- Exercise care and skill in all investment decisions, taking advice as appropriate from a professional;
- Ensure that security takes precedence over revenue maximisation;
- Review the Trust's investments and Investment Policy (on an annual basis);

- ESFA approval will be sought for investment transactions that are novel and/or contentious

### **Income Generation**

The Kite Academy Trust sets fees for chargeable services at full cost, and only applies an additional rate of return when in a commercial environment. Fees and charges for the cost of public services to other Government funded companies or bodies will be determined at full cost as per annex 6.1 of HM Treasury's Managing Public Money. The Kite Academy Trust has the following policies in place to govern its income generating activities:

- Charging & Remissions Policy - covers items such as classroom sales, trips and activities in line with the DfE guidance for maintained schools;
- Income & Lettings Policy – outlines aims, principles and strategy used for dealing with lettings and contains a schedule of chargeable rates

## 5 Delegated Authorities

### **Connected Party Transactions**

Trustees understand and comply with their statutory duties as company secretaries to avoid conflicts of interest, not to accept benefits from third parties and to declare interest in proposed transactions or arrangements.

Connected Party Transactions are goods or services provided by individuals or organisations connected to the Kite Academy Trust. In order to ensure that there can be no real or perceived conflicts of interest, the Trust has adopted the Trading with Connected Parties Policy (Appendix E).

### **Novel and/or Contentious Transactions**

Novel payments or other transactions are those of which the Kite Academy Trust has no experience, or are outside the range of normal business activity for the Trust. Contentious transactions are those which might give rise to criticism of the Trust by Parliament, the public and/or the media. Novel and/or contentious transactions will always be referred to the ESFA by the Board of Trustees for explicit prior authorisation.

### **Borrowing**

The Kite Academy Trust will seek the ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable.

Credit cards will only be used for business (not personal) expenditure, and balances cleared before interest accrues.

### **Gifts and Hospitality**

The Kite Academy Trust has a procedure in place for the acceptance of Gifts and Hospitality. This includes a register on the acceptance of gifts, hospitality, awards, prizes or any other benefit which might be seen to compromise staff's personal judgement or integrity and ensures that all members of staff are made aware of this.

When giving gifts, the Trust ensures that the value of the gift is reasonable, is within the limits stated in the Gifts and Hospitality procedure, the decision is fully documented, and has due regard to propriety and regularity in the use of public funds.

### **Special Payments**

Special payments are transactions that fall outside of the Kite Academy Trust's planned range of activities which include:

- Staff severance payments;
- Compensation payments;
- Ex gratia payments

## Staff severance payments

If the Kite Academy Trust is considering making a staff severance payment above the statutory or contractual entitlements, the Board of Trustees **will** consider the following issues:

- Whether the proposed payment is in the interests of the Trust;
- Whether the payment is justified, based on a legal assessment of the chances of the Trust *successfully* defending the case at employment tribunal;
- Where a legal assessment suggests that the Trust is likely to be successful, a settlement will not be offered;
- If the settlement is considered to be justified, then the Board of Trustees will consider the level of settlement

Staff severance payments will not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an employment tribunal claim because of employment law procedural errors.

The following schedule of delegation applies to severance payments:

Statutory/contractual payment	Non-statutory/non-contractual payment	ESFA prior approval required?
£40,000	£49,999	No
£80,000	£49,999	No
£40,000	£50,000	Yes – for £50,000
£80,000	£50,001	Yes – for £50,001

## Compensation Payments

The Kite Academy Trust will make appropriate compensation payments to provide redress for loss or injury, for example: personal injuries; traffic accidents; or damage to property.

If the Board of Trustees are considering making a compensation payment it will base its decision on a careful appraisal of the facts, including legal advice where relevant, and ensure that value for money will be achieved.

The Trust KAT has delegated authority to approve individual compensation payments provided any non-statutory/non-contractual element is under £50,000. Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more, ESFA's prior approval **will** be obtained.

Where a compensation payment has been necessitated by an event that reveals concerns about the effectiveness of internal control systems, the Board of Trustees will take any necessary steps to put failings right.

## Ex gratia payments

Ex gratia payments are a type of transaction that goes beyond statutory or contractual cover or administrative rules e.g. payments to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy. Ex gratia transactions will always be referred to the ESFA by the Board of Trustees for prior authorisation.

## Fixed Assets

Trustees recognise the need to maintain an inventory of equipment in the Trust in order to:

- Ensure that staff take responsibility for the safe custody of assets;
- Ensure proper physical control of equipment;
- To provide an up-to-date record of the equipment available for teaching purposes;
- To manage the effective utilisation of assets and to plan for their replacement;
- To provide a basis for insurance cover and claims if equipment is damaged or destroyed, e.g. by fire, theft, vandalism or other disaster;
- To enable external auditors to evaluate the annual accounts and the Academies' financial position



Details of all Fixed Assets are recorded in the Kite Academy Trust Fixed Asset Register. Post conversion all fixed assets are reflected within the fixed assets register at the date that they are first brought into use. The Fixed Asset Register will be checked annually and certified correct by the Director of Finance. All discrepancies are to be notified to the CEO immediately.

The capitalisation threshold for the Trust is items valued at £1,000 or more at the time of purchase, either individually or as a set. Details of useful economic lives of assets, and levels of depreciation are recorded on the Fixed Asset Register. Disposal of fixed assets is governed by the Write off & Disposals policy.

The Kite Academy Trust will obtain written approval from the Secretary of State, via the ESFA, for the following:

- Acquiring a freehold on land or buildings;
- Disposing of a freehold on land or buildings;
- Disposing of heritage assets beyond any limits set out in the Trust's funding agreement in respect of the disposal of assets generally;
- Novel or contentious property transactions

### **Leases**

The Kite Academy Trust will only enter into Operating Leases e.g. rental agreements. The Trust will ask for the Secretary of State's consent if we wish to:

- take out a finance lease on any class of asset for any duration from another party, as this would represent borrowing;
- take up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than five years;
- grant a leasehold or tenancy agreement on land or buildings to another party for a lease term of more than five years

### **Procurement and Tendering**

The Kite Academy Trust has a policy in place for procurement and tendering that reflects the DFE, and EU Public Sector Procurement, low, medium and high level procurement procedures.

The Procurement & Tendering policy includes appropriate guidance and the details of any appropriate approvals required regarding any operating lease arrangements that may be considered during a procurement process.

### **Contract Management**

The Kite Academy Trust review all contracts annually when the budget is set to determine which contracts are due for renewal in the coming year. This supports a timely, appropriate procurement process that supports the VFM aims of economy, efficiency, and effectiveness.

### **Managing Surplus General Annual Grant/Reserves**

The Kite Academy Trust is committed to using our allocated General Annual Grant (GAG) funding for the full benefit of our current pupils. Any surplus balances will be supported by a clear plan for their use in the near future to benefit our pupils. This plan is detailed in our Reserves Policy and is integrated with the budget plans to support the short-term and long-term financial sustainability of the Trust.

## Appendix A

### The 7 Principles of Public Life

#### 1. Selflessness

Holders of public office should act solely in terms of the public interest.

#### 2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

#### 3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

#### 4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

#### 5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

#### 6. Honesty

Holders of public office should be truthful.

#### 7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

## Appendix B

### Monthly Control Account Reconciliation Schedule

Control Account (Core nominal)	Nominal Balance	Supporting Balance	Comments	Narrative
9300 - Sales Ledger Control				Should agree to Aged DR report
9310 - Student Debtors				Should be zero or needs a comment
9311 - Sundry Debtors				Should agree to Accruals & Prepayments schedule
9315 - DfE Control Account				Should agree to Accruals & Prepayments schedule
9320 - Prepayments				Should agree to Accruals & Prepayments schedule
9330 - Salaries Advances				Should be zero or needs a comment
9335 - Investments				Should agree to investment balance per bank (NB: need to post interest)
9400 - Bank - Bank Current Account				See bank reconciliation
9405 - Bank - School Fund Account				Should agree to SF balance per bank
9410 - Credit Card Control				Should be zero or needs a comment
9420 - Petty Cash Control Account				Should be zero or agree to balance in tin (SAN only)
9425 - Pay-in Slip Control Account				Should be zero or needs a comment
9430 - Payment Run Clearing Account				Should be zero or needs a comment
9500 - Purchase Ledger Control				Should agree to Aged CR balance
9501 - Student Payment Control				Should be zero or needs a comment
9505 - Student Deposit Control Account				Should be zero or needs a comment
9510 - Other Creditors				Should agree to Accruals & Prepayments schedule
9515 - Intra-Company				Should balance to zero or needs a comment
9520 - VAT Control				Should agree to outstanding VAT returns
9521 - VAT Input				Should be zero or needs a comment
9522 - VAT Output				Should be zero or needs a comment
9525 - Net Wages Control				Should be zero or needs a comment
9530 - Teachers Pension Control				Should agree to TP CR per payroll report
9535 - LGPS Control				Should agree to LGPS CR per payroll report
9540 - Union Subs Control				Should be zero or needs a comment
9545 - Child Care Voucher Control				Should be zero or needs a comment
9550 - PAYE/NI Control				Should agree to PAYE/NI CR per payroll report
9555 - Other Payroll Deductions Control				Should be zero or needs a comment
9560 - Expenses Control Account				Should agree to any outstanding staff expense claims
9600 - Accruals				Should agree to Accruals & Prepayments schedule
9605 - Deferred Income				Should agree to Accruals & Prepayments schedule
9700 - Creditors due after > than 1 yr				Should be zero or needs a comment

## Appendix C

### Kite Academy Trust Scheme of Financial Delegation

Delegated Responsibility	Value	Officer
Orders and payments for goods and services (includes petty cash, debit/credit card payments)	Up to £1k	1 signatory: Deputy or Head
	£1k to £10k	2 signatories: Head plus 1 of Exec Head/FM/HRM/EM/IM
	£10k to 50k	2 signatories from Exec Head and DOO, DOF or CEO
	+50k	2 signatories from DOF, CEO, Chair of KAT
Signatories for Cheque Payments	All cheques	2 signatories per bank mandate
Signatories for BACS Payments	Payment run to value of £80k	1 signatory per bank mandate
Discretionary payroll payments	Up to £1k	1 signatory: Head or Exec Head
	£1k to £10k	2 signatories: Exec Head plus DOO, DOF or CEO
	+ £10k	2 signatories from DOO, DOF or CEO & Chair of KAT
Signatory for DFE/ESFA grant claims and DFE returns	Up to £100k	2 signatories: DOF & CEO
	Over £100k	2 signatories as above plus Chair of KAT
Authority for disposal of unusable or obsolete items	Up to £10k	1 signatory: DOO, DOF or CEO
	Over £10k	2 signatories: DOO, DOF, CEO
Approval to write off debts or losses	Up to £10k	1 signatory: DOF or CEO
	Over £10k	2 signatories: DOF & CEO

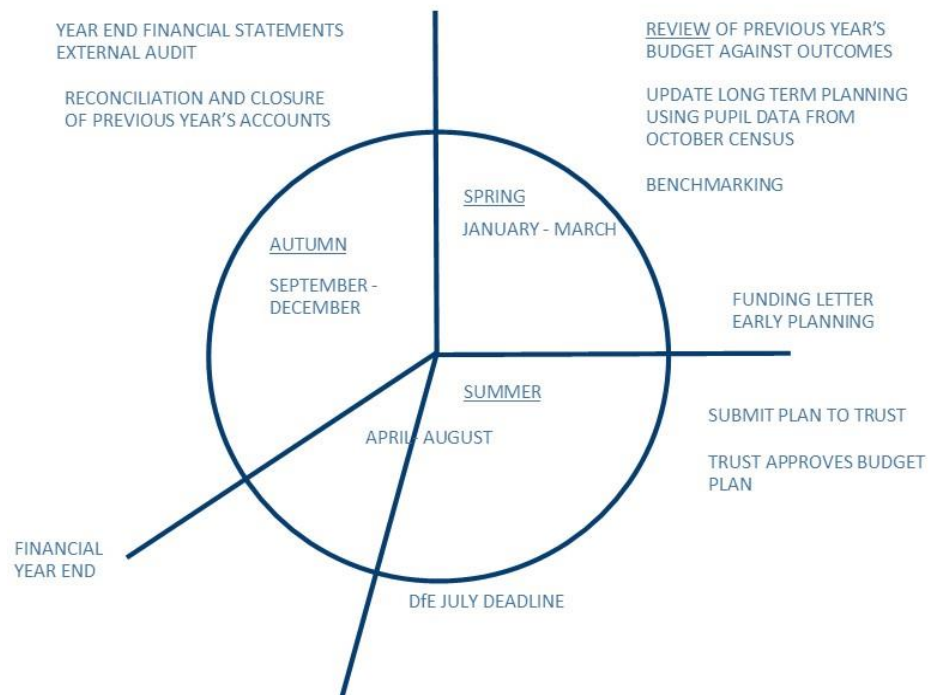
## Appendix D

### Academies Planning Calendar (DfE) & Annual Budget Cycle

September 2019	October 2019	November 2019	December 2019
<p><b>Information and published guidance</b></p> <ul style="list-style-type: none"> <li>Academies Financial Handbook 2019 comes into effect</li> </ul>	<p><b>Trust action</b></p> <ul style="list-style-type: none"> <li>Complete autumn school census</li> <li>LBCT online form available from 1 October</li> <li>Academies must publicly consult by 31 January 2020 on proposed changes to admission arrangements for entry in September 2021, or if they have not consulted in the past 7 years</li> </ul> <p><b>Information and published guidance</b></p> <ul style="list-style-type: none"> <li>ESFA publishes guidance and workbook for the 2018 to 2019 academies accounts return</li> <li>DfE issues guidance on the Condition Improvement Fund (CIF) 2020 to 2021</li> <li>Audited financial statements can be submitted from 15 October</li> <li>ESFA publishes the 16 to 19 revenue funding allocation data for 2019 to 2020</li> </ul> <p><b>Payment</b></p> <ul style="list-style-type: none"> <li>Second quarterly pupil premium payment for the 2019 to 2020 financial year</li> <li>Key stage 2 moderation and phonics funding payment</li> <li>Universal infant free school meals payment for newly eligible academies</li> </ul>	<p><b>Trust action</b></p> <ul style="list-style-type: none"> <li>Deadline for new CIF applicants to register on the online portal</li> <li>Trusts complete and submit the LBCT return by 4 November</li> <li>Trusts complete and submit the school resource management self-assessment tool return by 14 November</li> <li>Accounts return online form available from 4 November</li> </ul> <p><b>Information and published guidance</b></p> <ul style="list-style-type: none"> <li>ESFA issues PE and sport premium conditions of grant and allocations for 2019 to 2020 academic year</li> <li>ESFA publishes the Academies Accounts Direction for 2019 to 2020</li> </ul> <p><b>Payment</b></p> <ul style="list-style-type: none"> <li>Teachers pay grant for the 2019 to 2020 academic year <ul style="list-style-type: none"> <li>Primary PE and sport payment for 2019 to 2020 for terms 1 and 2</li> </ul> </li> </ul>	<p><b>Trust action</b></p> <ul style="list-style-type: none"> <li>Trusts submit their 2018 to 2019 audited financial statements, auditor's management letter and accounts submission coversheet by 31 December</li> <li>Deadline for CIF bids</li> </ul> <p><b>Announcement</b></p> <ul style="list-style-type: none"> <li>DfE announces schools revenue funding settlement for the next financial/academic year (2020 to 2021)</li> </ul>
January 2020	February 2020	March 2020	April 2020
<p><b>Trust action</b></p> <ul style="list-style-type: none"> <li>Complete spring school census</li> <li>Trusts complete and submit their audited 2018 to 2019 accounts return by 20 January</li> <li>Trusts publish their 2018 to 2019 audited financial statements on their website by 31 January</li> </ul> <p><b>Payment</b></p> <ul style="list-style-type: none"> <li>Third quarterly pupil premium payment for the 2019 to 2020 financial year</li> </ul>	<p><b>Trust action</b></p> <ul style="list-style-type: none"> <li>Academies must determine their admission arrangements for entry in September 2021 by 28 Feb</li> <li>Academies must publish their admissions appeals timetable for 2020 on their website by 28 February</li> </ul> <p><b>Information and published guidance</b></p> <ul style="list-style-type: none"> <li>ESFA confirms exceptional 2019 to 2020 post-16 in-year growth outcomes</li> <li>ESFA issues guidance on 2020 to 2021 funding allocations for open academies</li> <li>ESFA issues Year 7 catch-up premium conditions of grant and allocations for 2019 to 2020 financial year</li> <li>ESFA issues 16 to 19 allocation calculation toolkits (ACT) containing funding factors and student numbers, to schools and academies</li> </ul>	<p><b>Trust action</b></p> <ul style="list-style-type: none"> <li>Academies must publish their admission arrangements for entry in September 2021 on their website and send a copy to their local authority by 15 March</li> </ul> <p><b>Information and published guidance</b></p> <ul style="list-style-type: none"> <li>ESFA issues academy revenue funding allocations for 2020 to 2021 including 16 to 19 allocations (plus student support, 16 to 19 Bursary Fund and free meals in further education) where applicable</li> <li>ESFA publishes guidance and workbook for the budget forecast return outturn (BFRO) for 2020</li> </ul> <p><b>Payment</b></p> <ul style="list-style-type: none"> <li>Primary PE and sport payment 2019 to 2020 for newly eligible academies</li> <li>Year 7 catch up grant for the 2019 to 2020 financial year</li> </ul>	<p><b>Trust action</b></p> <ul style="list-style-type: none"> <li>ESFA makes live the form for trusts to claim national non-domestic rates (NNDR) for the 2020 to 2021 financial year</li> <li>Online form for the budget forecast return outturn (BFRO) for 2020 available</li> </ul> <p><b>Information and published guidance</b></p> <ul style="list-style-type: none"> <li>ESFA publishes 16 to 19 funding regulations guidance and 16 to 19 funding rates and formula guidance for 2020 to 2021</li> <li>ESFA publishes 16 to 19 student support eligibility and operational guidance, including 16 to 19 Bursary Fund guidance</li> <li>DfE publishes the CIF 2020 to 2021 outcome</li> </ul> <p><b>Payment</b></p> <ul style="list-style-type: none"> <li>Final quarterly pupil premium payment for the 2019 to 2020 financial year</li> </ul>

May 2020	June 2020	July 2020	August 2020
<p><b>Trust action</b></p> <ul style="list-style-type: none"> <li>• Complete summer school census</li> <li>• Trusts complete and submit their BFRO for 2020</li> <li>• Trusts must submit their audited financial statements to Companies House within 9 months of the end of the accounting period which is 31 May</li> </ul> <p><b>Information and published guidance</b></p> <ul style="list-style-type: none"> <li>• ESFA publishes guidance and workbook for the budget forecast return three year (BFR3Y) for 2020</li> </ul> <p><b>Payment</b></p> <ul style="list-style-type: none"> <li>• Primary PE and sport payment 2019 to 2020 for term 3</li> </ul>	<p><b>Trust Action</b></p> <ul style="list-style-type: none"> <li>• Budget forecast return three year (BFR3Y) for 2020 online form available</li> </ul> <p><b>Information and published guidance</b></p> <ul style="list-style-type: none"> <li>• ESFA issues the 2020 Academies Financial Handbook</li> <li>• ESFA publishes the 16 to 19 sub-contracting controls guidance for 2020 to 2021</li> </ul>	<ul style="list-style-type: none"> <li>• Free school meals supplementary grant</li> </ul> <p><b>Trust action</b></p> <ul style="list-style-type: none"> <li>• Trusts complete and submit their budget forecast return for 2020 to 2021</li> </ul> <p><b>Information and published guidance</b></p> <ul style="list-style-type: none"> <li>• ESFA refreshes the 16 to 19 interactive census tool</li> <li>• DfE publishes the academies sector annual report and accounts (SARA)</li> </ul> <p><b>Payment</b></p> <ul style="list-style-type: none"> <li>• Final payment for universal infant free school meals for the 2019 to 2020 academic year</li> </ul>	<p><b>Information and published guidance</b></p> <ul style="list-style-type: none"> <li>• ESFA publishes the Academies Accounts Direction for 2020 to 2021</li> </ul>

## The Annual Budget Cycle



### Trading with Connected Parties Policy

#### Principles Applying to Connected Party Relationships

Connected Party Transactions are goods or services provided by individuals or organisations connected to the Kite Academy Trust.

#### At Cost Requirements

The Kite Academy Trust will pay no more than 'cost' for goods or services provided to it by the following persons ('services' do not include services provided under a contract of employment):

- Any member or trustee of the Trust;
- Any individual or organisation connected to a member or Trustee of the Kite Academy Trust.

For these purposes the following persons are connected to a member, or Trustee:

- A relative of the member or Trustee. A relative is defined as: a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner;
- An individual or organisation carrying on business in partnership with the member, Trustee or a relative of the member or Trustee;
- A company in which a member or the relative of a member (taken separately or together), and/or a Trustee or the relative of a Trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company;
- An organisation which is controlled by a member or the relative of a member (acting separately or together), and/or a Trustee or the relative of a Trustee (acting separately or together). For these purposes an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes;
- Any individual or organisation that is given the right under the Trust's articles of association to appoint a member or Trustee of the Kite Academy Trust; or any body related to such individual or organisation;
- Any individual or organisation recognised by the Secretary of State as a sponsor of the Kite Academy Trust; or any body related to such individual or organisation

A body is related to another individual or organisation if it:

- Is controlled by the individual or organisation; or
- Controls the organisation; or
- Is under common control with the individual or organisation

For these purposes control means:

- holding more than 20% of the share capital (or equivalent interest); or
- having the equivalent right to control management decisions of the body; or
- having the right to appoint or remove a majority of the board or governing body

The 'at cost' requirement does not apply to the Trust's employees unless they are also one of the parties described above, i.e. connected to a member or Trustee of the Trust.

Whilst these provisions do not apply to contracts of employment, the same principles of securing value for money and using public money properly, including managing conflicts of interest, will still apply. Salaries paid should be appropriate to the individual's skills and experience and the salary rates paid in the wider market.

Should any staff/personnel of an individual or organisation connected to a member or Trustee of the Trust be based in, or work from the premises of, the Kite Academy Trust, that individual/ organisation and the Trust will agree an appropriate sum to be paid to the Trust for such use/occupation of the premises, save to the extent that they are carrying out work for the Trust.

### **At Cost/Full Cost – Definition for Provision or Receipt of Goods & Services**

For these purposes the cost will be the ‘full cost’ of all the resources used in supplying the goods or services. Full cost includes:

- all direct costs (the costs of any materials and labour used directly in producing the goods or services);
- indirect costs (comprising a proportionate and reasonable share of fixed and variable overheads)

Full cost **will not** include an element of profit. Full cost for the provision of public services to other Government funded institutions will be determined as per annex 6.1 of HM Treasury’s Managing Public Money.

### **De Minimis for “At Cost/Full Cost” Transactions**

The ‘at cost’ requirement applies to contracts for goods and services from a connected party exceeding £2,500, cumulatively, in any one financial year of the trust.

For these purposes, where a contract takes the Trust’s cumulative annual total with the connected party beyond £2,500, the element above £2,500 must be at no more than cost.

### **Professional Services**

In relation to organisations supplying legal advice or audit services to the Kite Academy Trust, the ‘at cost’ requirement applies where the organisation’s partner directly managing the service is a member or Trustee of the Trust but not in other cases for those organisations. The published ethical standards for auditors also prevent partners or employees of the audit firm from acting as a Trustee of their client trust, but not of other trusts.

### **Documentation**

The Kite Academy Trust will ensure that any agreement with an individual or organisation connected to a member or Trustee, as defined above, to supply goods or services to the Trust is properly procured through an open and fair process and is:

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

### **Governor Allowances**

KAT will reimburse Members, Trustees and Governors for actual costs incurred in carrying out their duties as specified in the Expenses Policy.



## Glossary of Terms

AAR	Academy Accounts Return - a financial return submitted to the ESFA reflecting the Annual Financial Statements in a format appropriate for inclusion in the Whole Government Accounts
AO	Accounting Officer - the AO is responsible for compliance with the Academies Financial Handbook and Academies Accounts Direction. The individual <b>must</b> be a fit and suitable person for the role. In trusts comprising a single academy this should be the principal. In multi-academy trusts it should be the Chief Executive or Executive Principal
AoA	Articles of Association – the AoA set out the internal management, decision making and running of Kite Academy Trust and its liability. It forms an annex to the FA for each academy
CPT	Connected Party Transactions - CPT are transactions related to the provision of goods or services by individuals or organisations connected to the Kite Academy Trust
DfE	Department for Education - the DfE is the 'principal regulator' of academies. It is responsible for ensuring there is an adequate framework in place to provide assurance that all resources are managed in an effective and proper manner and that value for money is secured
ESFA	Education & Skills Funding Agency - the ESFA is the executive agency of the DfE, who also act as the agent of the Secretary of State
FA	Funding Agreement - legally binding document between the Kite Academy Trust and the DfE
GAG	General Annual Grant - main funding grant received from the ESFA
DOF	Director of Finance is the individual who leads the Finance department
DOO	Director of Operations is the individual who leads the HR, Estates and IT departments
IS	Internal Scrutiny – this is a process for checking the Kite Academy Trust’s financial systems, controls, transactions and risks
Trust	The Kite Academy Trust
MoA	Memorandum of Association - the MoA sets out the name of Kite Academy Trust. It provides for details of Trust members under the Companies Act 2006. It forms an annex to the FA for each academy
SORP	Statement of Recommended Practice - academies must comply with the Charity SORP
SoS	Secretary of State