



Triumph Learning Trust

Aspiration - Collaboration - Innovation

Finance Policy and Procedures

Policy Details

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1. Introduction

The funding agreement between The Academy (Trust) and the Secretary of State commits Triumph Learning Trust to be fully compliant with the Academies Financial Handbook (AFH). The AFH is issued each year between June and August with an effective date from the following 1st September and lasts for a period of twelve months. The AFH will always take precedence over anything contained in the The Academy Financial Regulations Manual (FRM).

A copy of the current AFH can be found at:

https://assets.publishing.service.gov.uk/media/66a3909aab418ab055592dda/Academy_trust_handbook_2024_FINAL.pdf

The purpose of this policy is to ensure that the Trust maintains and develops systems of financial control, which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education Funding Agency (ESFA).

This policy serves as an adjunct to the scheme of delegation providing information on the day-to-day operations and practicalities forming from this financial regulation manual. This policy should be read by all staff involved with finance and budgets.

2. Scope of Policy

This policy applies to all employees of the Trust, including volunteers such as Trustees and members of the Local Accountability Boards.

3. Responsibilities

The Academy has defined the responsibilities of each group of persons or person involved in the administration of the charity's School finances, to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees and Staff. The financial reporting structure is illustrated below. The CFO is responsible for providing advice and guidance under this policy and reviewing and updating the policy as required.

Board of Trustees

The Board of Trustees, as a corporate body, has the responsibility to set the strategic direction and objectives of all matters across the Trust. The Board of Trustees is responsible for ensuring that high standards of corporate governance are maintained. The Chair of the Trust is responsible for managing the CEO, Trustees and those with governance responsibility under this policy.

The Trust Board has legal responsibilities for all The Trust's academies. It is their duty to ensure that each academy operates effectively, legally, judiciously and safely. The Board will consider that there is sufficient staff expertise, segregation of duties to ensure compliance, a current register of business interests, an effective financial accounting system and record in place and regular internal and external monitoring.

The Board has the overall responsibility for strategic direction and performance of Triumph Learning Trust. It has responsibility for agreeing Trust financial and governance policies and approving delegation of authority to the Trust's employees. It will retain specific authority for approving certain expenditure. The delegations of authority are expressed through the scheme of delegation.

The main responsibilities include:

- Ensuring that the General Annual Grant (GAG) is used for the purposes intended
- Approval of the annual budget
- Monitor monthly management accounts
- Approve the scheme of delegation recommended by the Audit and Risk Committee
- Setting the terms of reference and reviewing the work of the Audit and Risk Committee

Chief Executive Officer (CEO)

The Chief Executive Officer (CEO) of Triumph Learning Trust is the Accounting Officer for The Trust and as such has the overall responsibility for the Trust's financial management and is

specifically required to ensure that the Trust is compliant with the “Governing” documents. These include:

- The Articles of Association
- Funding agreements
- The Academies Financial Handbook

The accounting officer must sign a statement, which is included in the annual accounts, to state that the Trust has complied with all the regulations included within these documents.

Furthermore, the CEO:

- Takes overall responsibility for the implementation of policies and procedures
- Must provide reports as appropriate to Trustees in relation to this policy
- Ensure that sufficient resources are allocated and authorised within the organisations budget to meet statutory
- procedures and standards across the Trust
- Is responsible for managing the Headteachers and centrally appointed staff under this policy
- Approving new staff appointments in partnership with the CFO.

Chief Financial Officer (CFO)

The CFO is responsible for providing advice and guidance under this policy and reviewing and updating the policy as required. The CFO has delegated responsibilities from the Trust Board and CEO. The CFO also attends all the Audit and Risk Committee (ARC) meetings. The main responsibilities of the CFO, supported by the finance team are:

- The establishment and operation of a suitable accounting system.
- The management of the academy financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees.
- Preparation of statutory accounts and monthly accounts.
- To advise the Executive Leadership Team and Board on strategies and policy that address the changes in academy funding.
- Ensuring that the requirements of all statutory and regulatory bodies including the Charities Commission, DfE,
- ESFA and HMRC are met.
- Advise on the financial impact of proposed changes and developments of the Trust.
- Report to the CEO and Board on the impact of regulatory changes and developments in funding.
- Responsibility to the CEO and Board for financial governance and assessment of financial risk.
- Providing regular and relevant management reports to the Executive Team and the Board.
- To ensure that procurement procedures are in place that ensure that the Trust remains compliant with public
- procurement regulations and provide the Trust with best value for money.
- Ensuring rigorous and robust audits and control through the close monitoring of

accounts so that appropriate efficiencies are made to maximise the impact of funds. implementation and operation of.

- Reviewing expenditure and income, ensuring that efficiencies can be made and the maintenance of effective systems of internal control.
- Ensuring control of individual school finance functions through the HTs, School Finance Officers and the Finance Team.
- Annual budget planning and setting and weekly monitoring of the central budget and schools' budgets.
- Reporting to the Trust Audit and Risk Committee on financial performance.
- Preparation of benchmarking data.
- Ensure finance and payroll systems are effectively managed.
- Writing bids for funding and development.
- To manage the tendering of all service contracts
- Preparation and organisation of internal and external audit.
- Implementation of internal and external audit recommendations.

Headteachers

Day-to-day management of the finances of individual academies is delegated to the headteacher, although most actions are likely to be carried out by the School's Operations Manager or School's Finance Officer. The responsibilities of the headteacher include:

- Agreeing a school budget consistent with the school improvement plan with the CEO and CFO for approval by trustees
- Operating the school within the agreed budget, notifying the CEO and CFO at an early stage of issues likely to impact the school's ability to remain within the agreed budget.
- Setting expenditure limits for members of staff authorised to place orders, ensuring best value is obtained for purchases.
- Monitoring of cash flow management of the school bank account.
- Local school procurement in line with the Trust's procurement policy and assisting with central procurement.
- Liaising with the auditors for both the internal audit and external reviews as appropriate.
- Monitoring purchases via credit cards and expenses obtaining necessary approvals.
- Processing BACS runs with required signatory approval.
- The implementation of and compliance with this policy within their school ensuring competence in those staff who are responsible for and involved in the operation of this policy and associated guidance.
- Communicating this policy to all relevant people within the school.
- Managing school-based teaching and associate staff under this policy.

Budget Holders

Budget Holders include all members of staff who have delegated control over a subsection of the agreed budget. This includes, but is not necessarily limited to, curriculum department leaders, the senior site manager and senior leadership members.

Budget Holders have the responsibility for initially authorising orders as detailed within the agreed scheme of delegation. Budget holders will be informed of the budget available to them once the overall budget has been approved by the Trust Board. It is the responsibility of the budget holder to manage the budget and to ensure that the funds allocated and available are not overspent.

All employees have a responsibility to

- Comply with this policy and to co-operate with the Headteacher on all matters relating to it.
- Undertake any training recommended by their line manager.
- Manage any budget delegated to them responsibly and after due consultation with relevant staff.
- Conduct all financial transactions relating to the trust in accordance with trust policies, including where claiming
- personal expenses.
- Ensure that all relevant documents are promptly passed on to finance staff for processing.

4. Register of Interests

Trustees and employees of the Trust must comply with [The Severn Principles of Public Life](https://www.gov.uk/government/publications/the-7-principles-of-public-life) <https://www.gov.uk/government/publications/the-7-principles-of-public-life> in all their actions, including financial transactions. Trustees 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 Trust may purchase goods or services.

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Trustees, Local Accountability Members and staff with financial spending powers are required to declare any financial interests they have in companies or individuals from whom the school may purchase goods or services. The register is open to public inspection.

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

The existence of a register of business interests does not, of course, detract from the duties of all to declare interests whenever they are relevant to matters being discussed by the Trust or a committee. Where an interest has been declared, Trustees and staff should not attend that part of any committee or other meeting.

For the purpose of reporting to, and approval by, the ESFA, related party transactions do not include salaries and other payments made by the Trust to a person under a contract of employment through the Trust's payroll.

The Trust will obtain approval from the ESFA using the online form for contracts for the supply of goods or services to the Trust by a related party agreed on or after 1 April 2019, where any of the

following limits apply:

- The contract exceeds £20,000.
- The contract, regardless of the value, would exceed £20,000 in the same financial year ending 31 August.
- The contract, regardless of the value, would exceed £20,000 individually or cumulatively with the related party in the same financial year ending 31 August.

Before completing the ESFA's online form, all information outlined below will be collected, as it is not possible to partially complete the form and return to it later.

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

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

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

- How the Trust agreed to the related party transaction
- That the Trust followed its tendering and procurement procedures
- That your Academy Trust tested the market before making a decision
- How the Trust has managed any conflicts of interest.

5. Financial Planning

The Trust prepares both three-year financial forecasts and annual budgets. An indicative three-year forecast is prepared by the Trust Board as part of the budget process and is an indication as to the ability of the Trust to meet its obligations given the current level of funding it expects to receive.

This three-year forecast provides the initial framework for the annual budget. The annual budget is a detailed statement of the expected resources available to The Academy and the planned use of those resources for the following year. The financial planning process is described in more detail below.

The budget cycle is as follows:

- Autumn term (Sept – Dec)
 - Implementation of submitted budget plan
 - Flex-budgeting based on subsequent information such as teachers' pay, school census data and significant change
 - Monitoring expenditure (continuous-monthly)
 - Reconciliation and closure of previous financial year
- Spring term (Jan – Mar)

- Monitoring and reviewing of year's budget
- Revised budget where appropriate
- Pre-planning new financial year
- Summer term (Apr – Aug)
 - Planning for forthcoming year
 - Preparation and submission of financial budget plan including BFR return
 - Review of current year's budget
 - Preparation for year end and audit

All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

Budget Preparation

The CFO is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Audit and Risk Committee and Trust Board. The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan 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 General Annual Grant.
- Latest estimate of other ESFA funding e.g. pupil premium, SEND funding, EY funding, Yr7 Catch-Up or other specific funds.
- Review of other income sources available to the Trust to assess likely level of receipts.
- Review of past performance against budgets to promote an understanding of costs.
- Identification of potential efficiency savings.
- Review of the main expenditure headings in light of the development plan objectives and the expected variations
- in cost e.g. pay increases, inflation and other anticipated changes.
- Carry forward balances
- Any unspent grants from the previous financial year

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. 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. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Improvement Plan.

The approved budget is then entered onto the finance system at the start of the new financial year. Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Accounting Officer and CFO and reports forwarded to the Trust Board. Where significant variations to the agreed budget are identified or where a number of substantial variations have been approved and/or where significant staff changes have occurred in-year,

then a revised budget should be prepared and approved by the Trust Board. This revised budget should then form the basis of analysis of all income and expenditure until the financial year end.

Budget Forecast Return

The approved budget must be submitted to ESFA by 31 August each year by the CFO. The CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

The Xero accounting system is protected by access permissions to authorised staff. Access permissions should be strictly controlled and individual user accounts and passwords should not be compromised. Access to Xero should be restricted and the CFO is responsible for determining the access levels for all members of staff using the system. All leavers with access to Xero must have their access permissions formally removed. The Trust also uses ‘ApprovalMax’ and XFE to monitor control of expenditure.

Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this policy. Detailed information on the operation of Xero is included in the system user manuals. For journal entries, working papers should be produced and scanned onto Xero except for simple journals where the system narrative provides sufficient information for subsequent reference.

Reconciliation

The CFO is responsible for ensuring that the following reconciliations are performed each month for all school and central accounts, and that any reconciling or balancing amounts are cleared:

- Sales ledger control account
- Purchase ledger control account
- Payroll control accounts
- VAT accounts
- Suspense accounts
- Bank accounts
- Intercompany accounts

Document Retention

Financial documents must be retained to ensure information is available for future queries and to provide evidence in the case of audit, HMRC or other external reviews of Trust financial information. All documents should be stored electronically and where possible scanned onto Xero. In all cases, information should be stored securely and in line with the Trust’s data protection and GDPR policy. Financial records must be retained for the current year plus the preceding six years.

6. Reserves

Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year. The CEO as Accounting Officer must inform ESFA immediately if a deficit is

anticipated. If the Trust is anticipating a deficit at the end of any financial year, the Trust Board and CEO have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The Trust Board must ensure that a recovery plan is submitted and approved by the ESFA.

The Trust's policy is to maintain minimum operational reserves equal to one month of gross expenditure, and this amount should be available as liquid cash for immediate use if needed. The Trust may also hold additional reserves for capital or earmarked purposes. Balances above the minimum operational reserves may be invested to generate additional income, subject to an assessment of cash flow across the lifetime of the investment. The Trust will set out the requirements relating to investments in a separate investment policy prior to entering into any such arrangements.

The Board of Trustees will review the reserve levels annually. The review will encompass the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Restricted Reserves

Restricted reserves are represented by the main income for the school which is General Annual Grant (GAG), other grant contributions (for example Pupil Premium, Bursary funds), or donations that are received for a specific project or purpose. These funds are restricted for the use according to the funding agreements or donors' instructions. They must be spent in accordance with the timeframe advised by the "issuing authority". The School's Funding Agreement in respect of GAG no longer stipulates any limit on carry forward balances.

Unrestricted ("Usable") Reserves

These are made up of the Academy's activities for generating funds e.g., the provision of in School Catering, investment income and other donations which are expendable at the discretion of the trustees in furtherance to achieve the objectives of the school/trust. These funds will be reviewed regularly by the Board of Trustees and Audit and Risk Committee.

Designated Reserves

These are reserves that have been allocated by the Trustees for a particular purpose.

Use of reserves

Identification of appropriate use of reserve funds

The Trustees and staff will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserve as described in this policy. This step requires analysis of the reason for any shortfall, the availability of any other sources of funds before using reserves and evaluation of the time period that the funds will be required and replenished.

Authorisation of use of reserves

Designated Reserves are to be used as per their agreed purpose with expenditure within agreed limits following the standard school expenditure authorisation processes.

Annual Budgets

The CFO is responsible for preparing the draft budget for the following financial year and will also prepare a three-year budget plan and will confirm to the Board:

- The Income to be received from the ESFA;
- The timeline for preparation of the budget;
- The budget proforma format.

Once the draft budget has been completed it is to be submitted to ARC for review and approval. Once agreed by ARC they will recommend acceptance of the budget to the Trust Board. The Trust Board must “Approve” the budget. The approved budgets will form part of the Budget Forecast Return (BFR) which the Trust must complete and submit to the ESFA in two parts, the first part is the Budget Forecast Return Outturn (BFRO) which must be submitted by the 19th May and the second part is the BFR which must be submitted by the 28th of July.

The financial planning process will incorporate the following elements:

- Review of the initial funding letter submitted by ESFA to the Trust including the clarification of any areas of concern;
- Review of other income sources available to the Trust to assess likely level of receipts;
- Review of past performance against budgets to promote an understanding of the Trust cost base;
- Review of the main expenditure headings including any adjustments for pay increase, inflation and identification of any efficiency savings;
- To factor in any expected changes in light of any development plan or other objectives that the school may have.

7. Monitoring and Review

Each month a financial report prepared by the CFO will be produced for the CEO, the Chair of the Trust and ARC. The CFO will notify the Audit and Risk Committee if a financial variance is +10% of the budgeted amount (providing that amount is in excess of £1,000) for each line item or project. If actual spending or revenue deviates by more than 10% from the planned budget, it warrants a review to understand the reasons for the variance and take corrective action. By setting a threshold, we can identify deviations from the budget early, before they become significant problems. By addressing variances proactively, we will mitigate potential risks to the Trust’s financial health.

8. Purchasing, procurement and returns

The Trust will act in accordance with its tendering and procurement arrangements detailed below. To maintain integrity concerning the use of public funds, the following general principles will be adhered to:

- **Probity** - It must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust.
- **Accountability** – The Trust is publicly accountable for its expenditure and the conduct of its affairs to be for the purpose intended.
- **Fairness** – All tenders dealt with by the Trust are done so fairly and equally.

An accepted tender will be the one that is economically most advantageous, unless it can be demonstrated that this is not the best option for the Trust and other factors outweigh any monetary savings. Environmental and sustainability measures will be considered favourably in any procurement. There are three forms of tender procedure: open, restricted, and negotiated.

- **Open tenders**
 - Where potential suppliers are invited to tender. This method involves the financemanager/member of the executive team discussing and agreeing with the CFO how best to advertise for suppliers.
 - Restricted tenders
 - Where suppliers are specifically invited to tender. This method is appropriate where:
 - There is a need to maintain a balance between the contract value and administrative costs.
 - A large number of suppliers are likely to register an interest.
 - The nature of the goods means that only specific suppliers can be expected to supply the Trust's requirements.
 - The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated tenders**
 - mean that the terms of the contract may be negotiated with one or more chosen suppliers. This method is appropriate where:
 - Other tender methods have resulted in either no or unacceptable tenders.
 - Only one or very few suppliers are available.
 - Extreme urgency exists.
 - Additional deliveries by existing suppliers are justified.

When preparing for tender, full consideration will be given to the objectives of the project, the overall requirements regarding the technical skills necessary and after sales service requirements. The tender evaluation process will involve at least two people who will disclose any conflicts of interest. Those involved in making a decision must take care not to accept

gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence. The Trust will aim to achieve the best possible value for money for all its purchases, ensuring that services are delivered in the most economical, efficient and effective way.

The CFO of the Trust is responsible for ensuring procedures are in place for testing the market, placing orders and paying for goods or services.

Budget Holders & SLT up to £1,000	Consideration to be given to alternative suppliers
HT, 1001 - 5000	Consideration to be given to alternative suppliers. At least one quote must be obtained to ensure that due diligence and a best value exercise is carried out. The order must be authorised by the Headteacher or designated school finance staff.
CFO 5001 - 10000	The trust should obtain at least 3 written quotations for all orders to identify best value. Headteacher approval needed. Written details of three quotations should be attached to the requisition in the Finance system or retained by the requisitioner for audit purposes.
CEO 10001 to 40,000	At least 3 written quotations must be obtained for all orders to identify best value. A full tender process should be undertaken where appropriate – this will depend on the type of goods or services being purchased. Approval is required from either the CFO or CEO and trustees should be notified of the spend.
Over £40,000 CEO in conjunction with Trustees. TFO's also give final approval to all orders and invoices.	Full tendering process. Where the expenditure has not already been approved as part of the budget, approval is required from Trustees. Written details of quotations should be attached to the requisition in the finance system or retained by the requisitioner for audit purposes.

9. Internal Audit

The main purpose of the internal audit process is to provide the Board with assurance that:

- The financial responsibilities of the Board are being discharged.
- Resources are being managed in an efficient, economical and effective manner.
- Sound systems of internal financial control are being maintained.
- Financial considerations are fully taken into account in reaching decisions. The CFO has the authority to agree a planned programme of reviews and will report the findings to Audit and Risk Committee.

10. Transaction Processing

All transactions input into the accounting system must be authorised in accordance with the procedures specified in this procedures manual. The procedures for payroll, purchase ordering, purchase ledger and sales ledger are outlined in the following sections of this policy. Bank account entries should be input centrally with supporting evidence. If recharges are to be made between the central trust and the academies, this will be done via a central journal. Detailed information on transaction processing can be found on XERO.

Summary of purchasing authorities and requirements

Purchasing authorities and requirements are prepared in accordance with the threshold values (and inclusion of VAT in contract estimates) shared by the Cabinet Office in December 2021, as took effect on 1st January 2022 which apply to Public Contracts Regulations 2015.

Purchase Value	Budget Holder	HT	CFO	CEO	Trust Board
Up to £1,000	Yes				
Up to £7,500		Yes			
Up to £9,999			Yes		
Up to £40,000				Yes	
Over £40,000					Yes

Goods or services ordered with a value of £100,000 or more, or for a series of contracts which in total exceed £100,000, are subject to formal tendering procedures. All instances where entering into a contract or lease for more than one year must be referred to the HT and the CFO. When entering into a contract, the value of the order should be for the total contract amount as opposed to the periodical payment amount.

Ordering / Invoice Process

Purchase orders may be raised through the completion of a purchase order form via Approval Max before the goods and services have been received and before the goods and services have been invoiced. Invoices which reconcile to the purchase order are entered into the finance system and matched to the relevant PO by the finance administrator. Then approved by the Finance Team and or HT. Where an invoice does not relate to a purchase order the invoice is entered into the finance system by the finance administrator. Then approved by the Finance Manager and HT.

For staff expense claims, including mileage, a fully authorised claims form is required to be submitted to the Finance Department alongside all receipts for reimbursement to be processed. All claim forms are approved by the Finance Manager and HT.

11.Income

The main sources of income for the academy are grants from the ESFA and local authorities. The receipt of these sums is monitored directly by the Finance Department who are responsible for ensuring that all grants due to the trust and each school are collected.

Each school may also obtain income from:

- students, mainly for trips or clubs
- the public, mainly for lettings.

12. Payments

There are a number of payment options available to the school:

- BACs
- Faster Payments
- Charge Card
- Petty Cash

The default method of payment is BACs. This is done through Lloyds Commercial Banking Online which is a secure online banking facility.

Payment of Invoices

Payment runs must take place regularly in order to ensure that supplier payment terms are met. The finance / operations officer will export a BACS file from the finance system and upload the payments to the bank system. The payment will then need to be authorised by two bank signatories to confirm the transaction. The bank signatories will use Xero to view the invoices and check the payment details to confirm the following:

- Payee details (sort code and account number) match the details provided on supplier invoices;
- Payment totals for each supplier match the invoices provided;
- An additional sense check that all expenditure is not novel or contentious, and should be paid by the Trust, confirming any queries with the budget holder if needed.

Emergency/Urgent Payments

In certain circumstances, such as payroll errors, it might be necessary to make an urgent payment outside of the usual process outlined in this policy. For example, there may need to be exceptions to the usual payment authorisation process due to staff absence or an inability to process transactions on the finance system prior to making payment through the bank. In such cases, authorisation is needed from the CEO or CFO prior to making payment, in addition to the usual authorisation required based on the level of expenditure. Justification must be made of why such a payment cannot be made through the usual purchase order process, which provides a greater level of control.

Access to the Bank account is limited to:

- CFO and Finance Assistant as Administrators
- Finance Assistants with input and transfer rights only
- HT with approver rights only

13. Corporate / Charge Card

Any staff member wishing to make a purchase using a corporate/charge card must complete an official order form in the usual manner (via Approval Max) for the finance team to make the purchase. All order forms detailing the purchase must be signed by the budget holder. Corporate / charge Card spend must be fully approved in advance and follow the corporate /charge Card procedures in the relevant section of these policies.

Expenses

The Trust seeks to reimburse employees for all reasonable and agreed expenditure incurred on behalf of either the school or the Trust whilst undertaking school business.

Expenses to be reimbursed must fit the following criteria:

- Be of benefit to the school / Trust purpose
- Are not of a purely personal nature
- Are reasonable
- Have been agreed in advance

It is not intended that employees should make a profit from expense payments or expense payments be used as a means of remunerating staff neither is it intended that employees should be “out of pocket”. HMRC legislation relating to employee expenses and benefits will apply to all expense payments.

14.Assets

Disposal of Fixed Assets Procedure

The Trust is required to establish systems of control to ensure that assets and resources used by the Trust are recorded and adequately safeguarded against loss or theft. Records of some assets and stocks must be kept for accounting purposes but the systems of control should extend to other assets particularly if they are attractive and portable items. This procedure will also discuss the procedures for dealing with obsolete equipment.

The aims of the policy are in line with the Academy Trust Handbook and can be summarised as follows:

- To provide the means for the disposal of redundant or surplus assets
- To achieve the best possible outcome for the Trust by gaining the best available net return when selling and to ensure the Academy Trust is even-handed, open and honest in all dealings.
- To ensure that a best value outcome to the Academy Trust is a major consideration when disposing of assets.
- Asset disposal decisions, and the reasons for taking them, must be documented. Not only does this assist in audit and other examinations, but it highlights successes and problems for future reference.
- Non-disposal of obsolete equipment only takes up space, potentially incurs on-going maintenance costs and deprives the Academy Trust of income without any offsetting benefit. The Trust should therefore dispose of such equipment in line with the processes set out below.
- To consider the identification of any risks and areas most susceptible to fraud

Definitions

Capital assets are defined as tangible and intangible assets that have initial useful lives that extend beyond a single reporting period. All capital assets are recorded at historical cost as of the date acquired or constructed. If historical cost information is not available, assets are recorded at estimated historical cost by calculating current replacement cost and deflating the cost using the appropriate price-level index.

Capitalisation is the addition to the balance sheet of an amount attributed to an asset which has come into the school's possession via purchase or donation.

Depreciation is the monthly charge made to the income and expenditure account each month to reflect the use of the asset during the period.

Fixed assets are an asset that has a useful life greater than one year. (Consumables used on a daily basis are not fixed assets.)

Fixed asset register is an inventory of all fixed assets including purchase dates, depreciation rates, net book values and depreciation.

Capitalisation Thresholds: Triumph Learning Trust has established the following minimum capitalisation thresholds for capitalising fixed assets:

- Land, Buildings and improvements £1,000
- Machinery/equipment/vehicles/ICT £1,000

Detailed records are maintained at the discretion of the CFO for all items below the capitalisation thresholds that should be safeguarded from loss. These items are part of the annual physical inventory discussed below. These items include computer equipment that falls below the established thresholds and any other assets specified by the CFO.

Fixed Asset Register

All items purchased with a value over the Trust's capitalisation limit of £1,000 must be entered on the fixed asset register with the following details:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

The asset register helps:

- ensure that staff take responsibility for the safe custody of assets

- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- to manage the effective utilisation of assets and to plan for their replacement
- help the external auditors to draw conclusions on the annual accounts
- support insurance claims in the event of fire, theft, vandalism or other disasters

Examples of items to include on the asset register include:

- ICT hardware and software
- Reprographic equipment – photocopiers, comb binders, laminators
- Office equipment LT2 Finance Policy and Procedures 18
- Furniture
- AV equipment – TVs, OHPs, cameras, speakers
- Catering equipment – ovens, fridges, dishwashers, food processors
- Technology equipment – sewing machines, craft machinery
- Premises equipment – lawn mowers, power tools, generators
- Other equipment – musical instruments, PE equipment, Minibuses

Depreciation Rates

Fixed assets are depreciated using a straight-line method of depreciation (where the asset value is reduced in equal amounts monthly). The period of depreciation (the asset's useful life) varies according to the category of the asset. The following depreciation rates apply:

Asset Category	Depreciation Rate	Useful Life
Buildings	2% Straight Line	50 years
Furniture and Equipment	15% Straight Line	7 years
Computer Equipment	33% Straight Line	3 years

Gifts of assets

All fixed assets given to the school / Trust are recorded in the accounts as income in the period in which the fixed asset was given. The value placed on gifts in kind should be either a reasonable estimate of their gross value or the amount actually realised.

Gifted assets are treated and recorded in the asset register in the same way as purchased assets.

Security of Assets

All the items in the register should be permanently and visibly marked as the academy trust's property and, where possible, stored securely when not in use. An annual count should be undertaken by a member of staff separate from the preparer of the asset register. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to the CEO and Trust Board.

Disposals of Assets

All requests for disposal must be submitted to the CFO and then approved by the appropriate body as specified in the scheme of delegated authority.

- For the disposal of assets up to £1000, Headteacher approval is required and the Audit and Risk Committee must be notified
- For disposal of assets from £1001 to £5000, CEO approval is required and the Audit and Risk Committee must be notified
- For disposal of assets above £5000, ARC approval is required and the Trust Board must be notified. The best possible value must be obtained in the disposal of assets. Requests for Disposal Assets may be available for disposal for a number of reasons, for example:
 - Beyond repair
 - No longer complying with Health and Safety requirements
 - No longer required due to changed procedures or functions
 - Not capable of running required software

Disposals, where applicable, are in line with the Academies Financial Handbook. The following are acceptable methods of disposal:

- Private Sale - To ensure a fair price is received, a market valuation should be obtained. The sale should be publicized appropriately, via advertising or e-mailing and could sold to the first person to make an offer or via sealed bids, as appropriate
- Donation to an appropriate organisation.

Recycled or Destroyed Items, with no market value or no use to another organisation, should be appropriately and safely destroyed. Items which are to be disposed of by donation, sale or destruction must be:

- Approved by the appropriate body as specified in the scheme of delegated authority
- Be correctly and fully recorded on the Fixed Asset register
- Be fully depreciated or reduced in value by at least 60%
- Unable to use within the Trust Schools Where possible assets should be sold following a competitive tender, in order to achieve the best price that can reasonably be obtained whilst maintaining the principles of regularity propriety and value for money.

Disposal of equipment to staff is not encouraged as it may be more difficult to prove that the Academy obtains value for money. Pecuniary Interests must also be considered at all times.

IT Equipment

- All hard disc contents should be erased and re-installed
- The recipient of the equipment should be advised in writing that Learning Today Leading Tomorrow Trust will not be liable for and Health and Safety issues surrounding the use of the equipment
- Licenses for software programs must be legally transferred to the new owner

If computer equipment is disposed of, licenses for software programs must be legally transferred to the new owner.

ESFA Approval

The academy must seek the approval of the ESFA in writing if it proposes to dispose of:

- An asset for which capital grant in excess of £20,000 was paid

- Freehold of land or buildings
- Heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally

Under the Funding Agreement the approval of the Secretary of State for Education is required before the sale, disposal or reinvestment of proceeds from the disposal of an asset (or specific group of assets) for which a Capital Grant in excess of £25,000 was originally paid. The Academy Trust agrees to reinvest the proceeds from all asset sales for which Capital Grant was received and therefore every effort will be made to maximise the sale of such assets. If such proceeds are not reinvested, the Academy will repay to the ESFA the same proportion of the proceeds of the sale or disposal as equates to the proportion of the original cost met by the Secretary of State (i.e. if the Secretary of State purchased 50% of the original cost of the asset the Academy agrees to repay 50% of the proceeds). The proceeds from the sale of assets acquired with a grant from the Secretary of State cannot be used to contribute to further named grant-aided projects or purchases. All disposals of land must be approved in advance by the Secretary of State.

15.VAT

The Trust is currently not registered for VAT and as such continues to reclaim VAT on eligible purchases via monthly VAT126 forms. The VAT status of the school will be reviewed at least annually and in the event of any relevant legislative changes.

16.Gifts & Hospitality

Staff may not accept gifts from parents above the monetary value of £50. Staff must not accept gifts or hospitality from suppliers or associated organisations above the monetary value of £50 without obtaining approval from the HT.

Approval must be sought from the HT for purchasing gifts from public funds, that might be seen to compromise the judgement or integrity of the Trust e.g., gifts, awards, prizes.

Approved funding of gifts to trustees, governors, staff, students or suppliers, will be documented by the HT and have regard to propriety and regularity.

The purchase of alcohol using public funds is considered irregular use of public funds and must not be undertaken.

17.Investments

The purpose of the investment policy for The Academy is to ensure investments are obtained at a minimum risk of financial loss whilst generating accredited wealth through its distribution (i.e., Interest, Royalties, dividends or rentals)

The Trustees and Audit and Risk Committee will identify the need for investments and confirm that it is for the purpose described in this policy. This step requires analysis of the funds availability and accessibility not to impact on the day-to-day operations.

Authorisation to agree to the investment of any kind will be made by the Trustees and Audit and Risk Committee, at the next available meeting the approval will be noted in the minutes.

At this meeting it should be accompanied by description of the investment, the level of funds and the accountability of the investment, as well as the risks involved.

18. Payroll

The main elements of the payroll system are:

- staff appointments.
- payroll administration
- payments.

Payroll Administration

Payroll is administered internally. Changes to personnel details, including contractual details, are notified at local level (School or Shared Services) and passed to the Payroll Manager. Within each school, sickness absence, extra duties and timesheet related payments are all collated by the Headteacher or School Operations Manager and submitted to payroll on a monthly basis, after authorisation from the Headteacher. Within the Trust Shared Services this is collated by the Line Manager and submitted to payroll after authorisation from an Executive Manager (i.e. CFO).

Payments

All salary payments are made monthly by BACS via the payroll provider who is also responsible for making payments to relevant third-party organisations such as HMRC and Pension Funds.

Before payments are made a payroll file is provided to Finance Manager who should perform appropriate checks on the validity of the payroll proposed. Authority to release payment will be made by the Finance Manager and/or the principal.

The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and payments for these are made by the payroll provider on behalf of the school.

After the payroll has been processed the accounting system nominal ledger must be updated by the Finance Manager. Postings will be made both to the payroll control account and to individual nominal ledger accounts. The Finance Manager should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual control codes have been correctly updated.

On an annual basis the HR Team must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.

Executive Pay

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

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

- **Process** – that the procedure for determining executive pay and benefits is agreed by the board in advance and documented. The board ensures that both pay and benefits are kept proportionate.
- **Independence** – decisions about executive pay and benefits reflect independent and objective scrutiny by the board and conflicts of interest are avoided.
- **Robust decision-making** – factors in determining pay and benefits are clear, including whether educational and financial performance considerations, and the degree of challenge in the role, have been considered.
- **Proportionality** – pay and benefits represent good value for money and are defensible relative to the public-sector market.
- **Commercial interests** – the Board is sighted on broader business interests held by senior executives and is satisfied that any payments made by the Trust to executives in relation to such interests do not undermine the transparency requirements for disclosing pay in accordance with the Academies Accounts Direction.
- **Documentation** – the rationale behind the decision-making process, including whether the level of pay and benefits reflects value for money, is recorded and retained.

A basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term. Understanding that inappropriate pay and benefits can be challenged by the ESFA, particularly in any instance of poor financial management of the Trust.

Pay Reporting

The Trust will publish on its website in accordance with ESFA requirements the number of employees whose benefits exceed £100k, in £10k bandings, as an extract from the disclosure in its financial statements for the previous year ended 31 August. Benefits include salary, other taxable benefits and termination payments.

Pensions

The school employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for all teaching staff and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by Local Government Pension Scheme (LGPS).

The Teachers' Pension Scheme is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Regulations (2014). Membership is automatic for all teachers although they have the option to opt out.

The LGPS is a funded defined benefit scheme with the assets held in separate trustee administered funds. As a funded scheme the actuarial gains and losses along with the Academy's share of the assets and liabilities in the scheme are identified and recognised in the Academy's statements of financial activities. Under the Local Government Pension Scheme Regulations, each scheme Employer must publish and keep under review a Statement of Policy to explain how it will apply certain discretions allowed under the Pension Regulations. Discretions to be applied under the LGPS Regulations 2013 and LGPS (Transitional Provisions and Savings Regulations 2014).

Special Staff Severance Payments

Staff severance payments are paid to staff outside statutory or contractual requirements when leaving public employment. The following issues must be considered before making a binding commitment:

- That the proposed payment is in the Trust's interest
- Whether the payment is justified, based on the legal assessment of the trust's chances of successfully defending the case at employment tribunal.
- If the settlement is justified, the trust would need to consider the level of the settlement which must be less than the relevant body (e.g., tribunal) is likely to award. Staff severance payments must not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance.

Where the Trust is considering a staff severance payment including a non-statutory/non-contractual element of £50,000 or more, the ESFA's prior approval must be obtained before making any binding offer to staff. Examples of approval requirements are as follows:

Statutory/ contractual payment		Non Statutory/ contractual payment	ESFA/HM Treasury approval
£30,000	+	£30,000	No
£60,000	+	£30,000	No
£30,000	+	£50,000	Yes £50,000

Additionally, in accordance with HM Treasury's Guidance in Public Sector Exit Payments, the Trust must obtain prior ESFA approval before making a special staff severance payment where:

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

19.Fraud

Everyone involved with the Trust or School has a responsibility in respect of recognising potential fraud, preventing, and detecting fraud. It is the duty of all staff and trustees to take reasonable steps to limit the possibility of corrupt practices and to take advice from the internal and external auditors on the adequacy of the measures taken across the Trust to ensure financial compliance.

Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or others upon whose behalf (s)he acts, even if these "others" are in ignorance of the fraud. Fraud is, in fact, intentional deceit and for this reason it cannot include negligence. Fraud incorporates theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices, and falsification of accounts. Corruption is defined for the purpose of this document as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the

actions taken. Any instance of fraud or theft committed against the Academy Trust above £5,000 must be reported to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.

20.Cybercrime

The Academy Trust Handbook states:

'Academy trusts must also be aware of the risk of cybercrime, put in place proportionate controls and take appropriate action where a cyber security incident has occurred' (Page 57, section 6.16)

'Trusts must obtain permission from ESFA to pay any cyber ransom demands. ESFA supports the National Crime Agency's recommendation not to encourage, endorse, or condone the payment of ransom demands. Payment of ransoms has no guarantee of restoring access or services and is likely to result in repeat incidents. (Page 57, section 6.17)'

The Trust has implemented several IT directives to reduce the risk of a cyber-attack, this includes:

- 2 Factor Authentication to increase security accessing email.
- Carrying out internal Phishing email attacks to raise awareness amongst staff.
- Encouraging the use of cloud storage. Reduce the potential for infection of viruses(malware) and increase security of data through encrypted sources.
- Removing access to devices such as USB pen drives/hard disks.
- Backing up strategy for disaster recovery.
- Raise awareness of threats through CPD and regular email updates to staff.