



This policy is called:	Finance Policy & Procedure
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Chair of Trustees:	Paul Greatorex
Signature of Chair:	Paul Greatorex
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1. Introduction

The funding agreement between The Queensmill Trust and the Secretary of State commits the Trust to be fully compliant with the Academies Trust Handbook (ATH). The ATH 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 ATH will always take precedence over anything contained in the The Queensmill Trust Finance Policy and Procedures Manual (FPP). A copy of the current ATH can be found at [Academy Trust Handbook - Guidance - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

The purpose of this manual is to highlight specific requirements of The Queensmill Trust and to build on the ATH ensuring that systems of financial control conform to the requirements of propriety and good financial management.

This manual should be read by all staff involved with finance and budgets.

2. Roles and Responsibilities

The Queensmill Trust has defined the responsibilities of each group or persons or person involved in the administration of the Trust finances, to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees, Governors and Staff. The financial reporting structure is illustrated below:

The Queensmill Trust Board of Trustees

The Board of Trustees have overall authority for all financial matters relating to the Trust and are responsible for ensuring that the Trust conforms to the requirements of the DFE, ESFA and other regulatory bodies. The Board of Trustees delegates some of its financial oversight of the Trust financial performance to the Audit and Finance Committee and the Local Governing Bodies. The specific items delegated are detailed on the Trust's Scheme of Delegation which is reviewed annually.

Local Governing Body (LGB)

A Local Governing Body has been appointed at each academy within the Trust with delegated responsibilities for a range of duties as detailed in the scheme of delegation. The main responsibilities delegated include:

- To hold the CEO to account for the performance of the Trust and to act as a critical friend to the Head of School
- To approve, implement and monitor the Trust improvement plan with the aim of raising the standard of educational performance

LGB are appraised of the academies financial situation on a regular basis by the CEO and CFO.

Audit and Finance Committee (AFC)

The main responsibilities of the Audit and Finance Committee are:

- The regular monitoring of actual expenditure and income against agreed Trust budget (monthly Management Reports)
- To review outturn forecasts for the current financial year



- To review three-year forecasts and any other financial plans as required
- To authorise the award of contracts over the set threshold.
- To put in place a process for independent checking of financial controls systems and transactions
- To establish monitor and review the risks to The Queensmill Trust
- To agree a programme of works that will give assurance to internal and external stakeholders that financial systems are “sound” and risks are being “minimised”.
- To provide an annual report to the Board of Trustees and to prepare a report for inclusion in the annual statutory accounts of The Queensmill Trust
- To ensure that the Statutory Accounts of the Trust are produced in accordance with and meet the requirements of the ESFA and other stakeholders

Chief executive Officer (CEO) & Accounting Officer

The CEO has delegated powers in accordance with the scheme of delegation agreed by the Board of Trustees and reviewed on an annual basis. The CEO retains responsibility for:

- The day to day financial activities of the Trust and holds the title of “Accounting Officer” as defined by the ESFA
- Approving new staff appointments
- Monitoring the performance of the executive team and approving pay award

Chief Financial Officer (CFO)

The CFO has delegated responsibilities from the Board of Trustees and CEO. The CFO also attends all the Finance Committee meetings. The main responsibilities of the CFO are:

- The management of the Trust financial position at a strategic level within the framework for financial control determined by the Board of Trustees
- The implementation and maintenance of effective systems of internal audit and control, including ensuring relevant staff are fully aware of the procedures
- To ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of The Queensmill Trust
- To ensure the preparation and distribution of monthly management accounts
- To ensure forms and returns are sent to the ESFA on time
- To ensure the preparation and approval of sound and documented financial forecast and their monitoring

Finance and Business Team (FBT)

The Finance and Business Team (FBT) work in close collaboration with the CEO and CFO, through whom they are responsible to the trustees. The main responsibilities of the FBT are:

- The establishment and operation of a suitable accounting system
- The management of the academy financial position at an operational level within the framework for financial control determined by the Board of Trustees
- Compliance with the systems of internal audit and control
- To ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy
- The preparation of monthly and annual management accounts
- To authorise orders / payments as detailed within the agreed scheme of delegation
- The day-to-day management of financial issues;
- To ensure finance and payroll systems are effectively managed
- To write bids for funding and development
- The maintenance of effective internal controls
- To manage the tendering of all service contracts



- To monitor all insurance policies

Other Staff

Other members of staff will have some financial responsibilities. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

3. Register of Interests

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 Trust trustees, governors and staff with financial spending powers are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, share-holdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as 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 trustees, governors and staff to declare interests whenever they are relevant to matters being discussed by the governing body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

It is the role of the Clerk to the Board to ensure the Register of Business Interests is up to date

4. Financial Planning

The Queensmill Trust prepares both three year financial forecasts and annual budgets. An indicative three year forecast is prepared by the FBT and the CFO as part of the budget process and is an indication as to the ability of The Queensmill 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 Queensmill Trust and the planned use of those resources for the following year.

Three Year Forecasts

The three year forecast is concerned with the future financial viability The Queensmill Trust and how it will be able to achieve a balanced budget. Plans are kept relatively simple and flexible.

The form and content of the three year forecast are matters for The Queensmill Trust to decide but due regard should be given to the matters included within the guidance to Academies and any annual funding or operating guidance issued by the ESFA.

Annual Budgets

The FBT is responsible for preparing the draft budget for the following financial year and will confirm to the CEO and CFO:

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



- The budget proforma format

Once the draft consolidated budget has been completed it is to be submitted to the AFC for review and approval. Once agreed by the AFC they will recommend acceptance of the budget to the Board of Trustees. The 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 on an annual basis.

The financial planning process incorporates 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
- Inclusion of any expected changes in light of any development plan or other objectives that the Trust may have

Monitoring and Review

Each month a Trust management accounts report prepared by the CFO and FBT is produced for the CEO, Audit and Finance Committee and Chair of the Board.

Similarly, monthly management accounts for each academy will be produced by the CFO and FBT under the supervision of the CEO and Heads of School for distribution to the respective LGBs.

5. Purchasing, procurement and returns

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

Tenders

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* are where potential suppliers are invited to tender. This method involves the finance manager/member of the executive team discussing and agreeing with the CFO how best to advertise for suppliers
- *Restricted tenders* refer to 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 finance manager of the Trust is responsible for ensuring procedures are in place for testing the market, placing orders and paying for goods or services. 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 Principal. When entering into a contract, the value of the order should be for the total contract amount as opposed to the periodical payment amount.

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.

- CEO and CFO up to £5,000
- CFO and CEO, after consultation with the Audit, Finance and Risk Committee, up to £20,000
- Audit, Finance and Risk Committee up to £50,000
- Board above £50,000

Ordering / Invoice Process

Purchase orders may be raised through the completion of a purchase order form via Xero 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 manager and then approved by CFO or CEO.

Where an invoice does not relate to a purchase order the invoice is entered into the finance system by the finance manager and then approved by CEO or CFO following the same authorisation levels.

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

The Trust policy forbids alcohol to be purchased or kept on the premises.



Goods delivered

The requester must make appropriate arrangements with the site staff for the delivery of goods to the appropriate part of the Trust buildings. On receipt the CEO is responsible for ensuring a detailed check of the goods received against the delivery advice note is undertaken and should make a record of any discrepancies between the goods delivered and the advice note. Discrepancies should be discussed with the supplier of the goods without delay. After checking, delivery advice notes should be passed to the Finance administrator and uploaded into Xero where possible.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Department should be notified.

All invoices should be sent to the Finance Department where it can be matched against the delivery note (where applicable), prices and VAT checked, coded and then can be input onto the accounting system.

In the event of any query in this process the Finance Department should consult with the requester and should inform the CFO immediately in the event of a query requiring any resolution that has not already been authorised.

7. Accounting System

All the financial transactions of the Trust are recorded on its accounting system Xero, which is operated by the Finance and Business Team and the CFO.

- System Access - Entry onto the accounting system is password protected and users will be restricted to those areas of the software that are specific required for them to carry out their duties
- All financial transactions relating to the Trust and its academies budgets must be recorded using Xero
- There must be a clear audit trail for all financial transactions from the original documentation to accounting records
- Finance records must be stored for 6 years in accordance with ESFA guidelines
- Only authorised staff will be permitted access to the accounting records, which should be securely retained when not in use
- Authorisation and supervisory controls should be adequate to ensure transactions are properly recorded or that errors are identified
- All records should be protected against unauthorised modifications, destruction, disclosure or loss whether by accident or intention
- Back-up Procedure - Accounting data is stored on the cloud.
- Transaction Processing - All transactions input to the accounting system must be entered in accordance with the processes and procedures agreed and approved by the CEO and CFO. For the avoidance of doubt the FBT has the day to day responsibility for ensuring that accounting processes and procedures are adhered to and complied with
- Reconciliations - The FBT is responsible for ensuring that reconciliations are performed on a regular basis, preferably monthly, and that reconciling or balancing amounts are cleared or are fully understood. The FBT will review all reconciliations and ensure that any unusual or long outstanding reconciling items are brought to the attention to the CFO and CEO

8. Income and Expenses



Income

The main sources of income for the academy are grants from the EFA 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 academy are collected.

The academy also obtains income from:

- Students, mainly for trips
- The public, mainly for lettings.

Separate policies exist for both trips and lettings and should be referred to for completeness. Income from students is generally obtained via cash which is managed by the Finance Department and banked. Monthly reconciliations are performed between Xero, Trust Fund and bank accounts to ensure all income has been accurately and appropriately recognised; with statements annotated accordingly.

Payments

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

- BACs
- Faster Payments
- Charge Card
- Petty Cash

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

Access to CBO is limited to:

- CFO and FBT as Administrators
- Finance Assistants with input and transfer rights only
- CEO with approver rights only

BACs files are generated from the Xero finance system, based on fully approved invoices only, and loaded into CBO by the FBT. These files are then Authorised by the CFO or CEO. Other payments may be utilised if appropriate at the discretion of the CFO or CEO.

- *Faster Payments*: An additional feature within CBO for urgent payments. Approvals follow the same criteria as BACs payments detailed above.
- *Charge Card*: Charge Card spend must be fully approved in advance and follow the Charge Card procedures in the relevant section of these policies.
- *Petty Cash*: A nominal petty cash balance is held by the FBT and can be used as an option to pay small, one off payments to students if needed for bus fare etc.

Changes to Supplier Bank Details

If correspondence is received notifying of a change to supplier bank details, the Finance Manager checks the legitimacy of such requests, then keys the changes onto the Xero finance system. The finance system keeps a log of all bank detail changes for each supplier.

Expenses

The Queensmill Trust seeks to reimburse employees for all reasonable and agreed expenditure incurred on behalf of The Queensmill Trust whilst undertaking Trust/ Trust business.



Expenses to be reimbursed must fit the following criteria:

- Be of benefit to the Trust/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.

VAT

The Queensmill 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 Trust will be reviewed at least annually and in the event of any relevant legislative changes.

9. Fixed Assets

The Trust invests a significant amount of capital in the acquisition of Fixed Assets. Therefore, controls are put in place to ensure that fixed assets are recorded correctly and safeguarded against loss and theft. The FBT is responsible for ensuring compliance with the Trust’s procedures. This procedure applies to all Trust staff. These standards apply to all Fixed Assets transactions.

Purchase of Assets

- All capital fixed assets purchased with an individual value of over £1,000 must be entered into the asset register on the finance system.
- Approval for purchase of assets must follow the Trust’s purchasing policies.
- Prior approval from ESFA must be obtained for the acquisition of freehold of land or buildings.
- The asset register will include the source of funds for the asset.

Portable and attractive items or non-consumable items valued at under £1,000 but which are susceptible to theft or loss due to their portable nature and attractiveness for personal use or resale may also be recorded in the Trust’s asset register. Items valued at under £200 purchase price do not require tracking.

Gifts of Assets

- All fixed assets given to the Trust are recorded in the accounts as income in the period in which the fixed asset was given to the Trust. The value placed on gifts in kind should be either a reasonable estimate of their gross value to the Trust or the amount actually realised. The key test is what the Trust would have been prepared to pay to purchase the asset.
- Gifted assets are treated and recorded in the asset register in the same way as purchased assets.

Security of Assets

- All fixed assets recorded in the register should be permanently marked, wherever practical, as being the property of the Trust.



- The asset register is to be kept up to date and reviewed regularly.
- Items used by the Trust but not owned by the Trust should be recorded as such.
- Physical counts against the register are undertaken at least annually. This count is to be performed by someone other than the person responsible for the asset register. Differences between counts and the register are investigated promptly and significant differences are reported to the Governors.
- Stores and equipment are secured by means of physical and other security devices.
- Only authorised personnel may access secure storage areas.

Depreciation of Assets

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on leasehold land where the lease is more than 20 years. The principal annual rates used for other assets are:

Leasehold property	50 years
Leasehold property improvements	25 years
Computer equipment	3 years
Other equipment	5 years
Motor vehicles	8 years

Disposal of Assets

- All requests for disposal must be approved by the CFO or CEO and reported to Governors.
- Academy trusts must obtain prior approval from ESFA for the following transactions:
 - disposing of a freehold of land or buildings
 - disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally.
- Other than land, buildings and heritage assets, trusts can dispose of other fixed assets without ESFA's approval subject to achieving the best price that can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money.

Loan of Assets

- Trust property must not be removed from the premises without the authority of the Curriculum Leader or a member of the Leadership Team. A record of the loan must be recorded in a loan book and booked back to the Academy when it is returned.
- If assets are on loan for extended period or to single member of staff on a regular basis, the situation may give rise to a benefit-in-kind for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's auditors. IT equipment, such as laptops, which are loaned to staff should only be used for work related purposes to avoid such an issue arising.

10. 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 Principal.



Approval must be sought from the CEO or Head of School 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 CEO or Head of School 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.

Under charity accounting rules, the Trust is required to account for gifts in kind, including donated services and facilities but excluding contributions from volunteers.

11. Related Party Transactions

The Trust will be even-handed in their relationships with related parties by ensuring:

- Trustees comply with their statutory duties as company directors to avoid conflict of interest, not accept benefits from third parties, and declare interest in proposed transactions or arrangements
- All members, trustees, local governors of academies and senior employees complete the register of interests
- No member, trustee, local governor, employee or related individual or organisation uses their connection to the trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust
- There are no payments to trustees by the trust unless permitted by the articles, or by authority from the Charity Commission, and comply with any relevant agreement with the Secretary of State
- The Charity Commission's approval is obtained where the trust believes a significant advantage exists in paying a trustee for acting as a trustee

The Trust Board and Accounting Officer will manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the seven principles of public life.

The Chair of the Trust Board and the Accounting Officer will ensure their capacity to control and influence does not conflict with requirements.

The Trust recognises that some relationships with related parties may attract greater public scrutiny, such as the following:

- Transactions with individuals in a position of control and influence, including the Chair of the Trust Board and the Accounting Officer
- Payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors
- Relationships with external auditors beyond their duty to deliver a statutory audit

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



The Trust will report all related party transactions made on or after 1 April 2019 to the ESFA in advance of the transaction taking place.

Trusts must obtain ESFA's prior approval, using ESFA's related party on-line form, for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after 1 September 2023 where a contract or other agreement exceeds £40,000 in the same financial year ending 31 August.

To create a record for the supplier, the following information is required:

- The name of the supplier
- The supplier's address
- The supplier's company number which can be found using Companies House website (for limited companies).
- The statement which best describes the relationship between the supplier and the Trust
- Confirmation that the supplier is listed in the Trust's declaration of interests register
- Confirmation that the Trust has a statement of assurance from the supplier
- Confirmation that the Trust has an open-book agreement with the supplier

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

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

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

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

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

- Any member or trustee of the Trust
- Any individual or organisation related to a member or trustee of the Trust, namely:
 - A relative of a member or trustee: defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner.
 - An individual or organisation conducting business in partnership with the member, trustee or a relative of the member or trustee.
 - A company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20 percent of the share capital or is entitled to exercise more than 20 percent of the voting power at any general meeting of that company. An organisation which is controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together) – an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes.



- Any individual or organisation given the right under the Trust's Articles of Association to appoint a member or trustee of the Trust, or any body connected to the individual or organisation.
- Any individual or organisation recognised by the Secretary of State as a sponsor of the Trust, or any body connected to the individual or organisation.

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

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

'At cost' requirements do not apply to the Trust's employees unless they are employed by one of the parties outlined above. 'At cost' requirements apply to contracts for goods and services from a related party agreed on or after 7 November 2013.

'At cost' requirements apply to contracts for goods and services from a related party exceeding £2,500, cumulatively, in any one financial year. Where a contract takes the Trust's cumulative annual total with the related party beyond £2,500, the element above £2,500 must be at no more than cost.

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

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

The Trust will ensure that any agreement with an individual or organisation referred to for 'at cost' considerations is procured through an open and fair process and is:

Supported by a statement of assurance from the individual or organisation to the Trust confirming their charges do not exceed the cost of the goods or services.

On the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply.

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

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

12. Reserves

The purpose of the reserve policy for The Queensmill Trust is to ensure the stability of the Trust's organisational operations, to protect it so that it has the ability to adjust quickly to financial circumstances, such as large unbudgeted expenditure and to provide the financial means to continue to enhance the educational facilities and services of the Trust.



a. Definitions

Restricted Reserves

Restricted reserves are represented by the main income for the Trust 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 Trust’s Funding Agreement in respect of GAG no longer stipulates any limit on carry forward balances.

The minimum target for these reserves should be equal to one month’s average operational costs such as salaries and pensions, occupancy costs and external services costs. 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.

At present, the Trust has negative restricted reserves, a recovery plan is in place to see this position redressed over time in line with the target detailed above.

Unrestricted (“Usable”) Reserves

These are made up of the Academy’s activities for generating funds e.g. the provision of in Trust Catering, investment income and other donations which are expendable at the discretion of the trustees in furtherance to achieve the objectives of the Trust.

The Trust is confident that it will meet the required pension contributions from its projected income without significantly impacting on its planned level of charitable activity, it continues to calculate its ‘free’ or general unrestricted reserves without setting aside designated reserves to cover the pension liability.

These funds will be reviewed regularly by the Board of Trustees and Finance and Audit Committee and are obtained through one off donations and are generally built up over time from fund generating activities and investments.

Designated Reserves

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

b. 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 Trust expenditure authorisation processes.

Unrestricted Reserves may be allocated (i.e. become designated reserves) to a specific project or purpose with approval of the Finance and Audit Committee.

Restricted Reserves should not be used (other than to cover annual budget deficits) without approval of the Board of Trustees, who may wish to allocate a specific sum to designated reserves



following robust analysis of any proposal. Where this allocation reduces restricted reserves to below the target level then consideration must be given to re-establishing this level as soon as practical.

c. Reporting and monitoring

The Trustees are responsible for ensuring that the funds are maintained and used only as described in this policy. Upon approval for the use of these funds, the Trust will maintain a record of the use of the funds. The Finance and Audit Committee should regularly monitor the progress of the reserves.

13. Investments

The purpose of the investment policy for The Queensmill Trust 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)

Current asset investments are investments generally held by the Trust which allow funds to be ready realisable and only intended to be held for not more than one year. Examples are bank deposit accounts and bond accounts. The Queensmill Trust investments are currently held almost entirely of cash deposits/bonds at its banks.

The maximum level of funds available for investments should be the amount of funds received not imposed by any restrictions i.e. Unrestricted.

Identification of appropriate investment

The Trustees and Finance and Audit 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 of investment

Authorisation to agree to the investment of any kind will be made by the Trustees and Finance and Audit 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.

Reporting and monitoring

The Trustees are responsible for ensuring that the investments are only as described in this policy. Once approved, the Finance and Audit Committee should monitor the progress of the investments.

14. Auditors

The Trust will appoint an appropriately qualified company as their external auditor. This will be reviewed on a 3-yearly basis. The appointment of Auditors must be approved by the Board and Members. The current Auditors are Mitchell Charlesworth.

15. Payroll

The main elements of the payroll system are:

- Staff appointments



- Payroll administration
- Payments

Staff Appointments

The CEO has authority to appoint staff within the authorised establishment. The CEO maintains personnel files for all members of staff which include contracts of employment. On appointment a new staff file is collated on behalf of the CEO by the FBT and submitted to the payroll provider.

Payroll Administration

The Trust payrolls are currently administered by the Shaw Trust under a Service Level Agreement.

Changes to personnel details, including contractual details, are notified to the service provider by the FBT .

Sickness absence, extra duties and timesheet related payments are all collated by the Head of Schools or Finance Business Team and submitted to the payroll provider on a monthly basis, after authorisation from the CEO.

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 CEO or CFO.

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 Trust.

After the payroll has been processed the accounting system nominal ledger must be updated by the Finance Manager or CFO. 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 Manager 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 in the Principal's office.

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.

16. Pensions

The Trust 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) for Hammersmith and Fulham and Kensington and Chelsea.

TPS

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.

LGPS

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).

17. Fraud

Everyone involved with the Trust or Trust has a responsibility in respect of recognising potential fraud, preventing, and detecting fraud.

It is the duty of all staff, governors, 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 by The Queensmill Trust, its staff, or governors.

Procedures for the reporting of Fraud or other dubious financial practice are detailed in the respective Whistleblowing Policy of Academies within the trust and via the trust Whistleblowing Policy on the Queensmill Trust website: [TQT-Whistleblowing-Policy.pdf \(thequeensmilltrust.com\)](https://www.thequeensmilltrust.com/TQT-Whistleblowing-Policy.pdf) 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.

18. 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 Academy 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 over traditional devices such as USB hard disks and pen drives. Reduce the potential for infection of viruses(malware) and increase security of data through encrypted sources.
- Limiting 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