



## Abbey Court School Trust

### **FINANCE POLICY**

#### **Financial Policy**

1. The Board of Trustees is responsible for:

- Safeguarding the assets of the charity;
- Preventing fraud;
- Avoiding mistakes;
- Keeping financial records in accordance with the governing document and relevant legislation (e.g. Charities Acts, Companies Acts etc);
- Preparing Annual Accounts in accordance with the governing document and relevant legislation.

2. To enable the Board of Trustees to carry out these responsibilities, the Financial Procedures detailed below must be followed at all times by all Board members, staff and volunteers.

3. A copy of this policy and procedures will be given to all Board of Trustees members on their election/appointment to the Board, and to all relevant staff and volunteers.

4. The policy and procedures will be reviewed annually by the Board of Trustees and revised as necessary.

5. The Charity Commission Checklist for Internal financial controls will be completed annually by the Treasurer and School Business Manager and its findings presented to the Board of Trustees.

#### **Financial Procedures**

##### **1. Organisational Information**

a) The Financial Year for Abbey Court School Trust runs from 1st September to 31st August.

b) Name of Bank - NatWest

c) Name of Auditor/Independent Examiner - Alex Ffrench at Williams Giles Ltd, 12 Conqueror Court, Sittingbourne, Kent ME10 5BH.

## **2. Bank Accounts**

- a) All bank accounts must be in the name of Abbey Court School Trust.
- b) No account may ever be opened in the name of an individual or individuals.
- c) New accounts may only be opened by a decision of the Board of Trustees, which must be minuted.
- d) Changes to the bank mandate may only be made by a decision of the Board of Trustees, which must be minuted.
- e) Two people should be involved in counting cash receipts.
- f) All cheques must be signed by two signatories.
- g) The signatories are responsible for examining the cheque for accuracy and completeness.
- h) All Internet Bank Transfers must be authorised by two signatories.
- i) The Treasurer is responsible for ensuring accuracy and completeness of records at least every three months and signing statements accordingly.
- j) The signatories are responsible for examining the payment documentation (purchase invoice etc) prior to signing the cheque or authorising an Internet Transfer.
- k) Blank cheques must **never** be signed.
- l) Income monies will be recorded promptly on the cash balance sheet and banked as soon as practicable.
- m) The School Business Manager will be responsible for holding the cheque books, which should be held securely.

## **3. Signatories to the accounts:**

i) Name: Karen Joy

Role/Job Title: Trustee/Headteacher

ii) Name: Linda Taylor

Role/Job Title: Administrator/School Business Manager

iii) Name: Mandy Collins

Role/Job Title: Trustee/Chairperson of the Trust

## **4. Annual Budget**

- a) An annual budget, setting out the organisation's financial plan for the year, will be prepared so that the Board of Trustees can approve it before the start of each financial year.
- b) The draft budget will be prepared by the following four personnel:
  - Chairperson
  - Head Teacher
  - School Business Manager
  - Treasurer

- c) A financial report will be prepared for every Board of Trustees meeting.
- d) The financial report will consist of an itemised Balance Sheet.
- e) The reports will be overseen by the Treasurer.
- f) Each Financial Report will be circulated to all Board of Trustees members and discussed at the committee meeting.

## **6. Accounting and other financial records**

The organisation maintains a computerised accounting system which records:

- Cheques and cash received and banked.
- Cheque payments, Internet Banking Transfers and other amounts paid from the bank accounts.

a) Every transaction will be entered into the appropriate book and will include:

- The date of the transaction.
- The name of the person money was received from or paid to and the full amount.
- Cheque number and amount.
- A brief description of why the money was received or paid.

All documents relating to receipts and payments will be filed in the month they are input into the system.

b) A regular backup copy will be taken.

## **7. Authorisation and Payment**

- a) All purchase orders must be recorded in the accounts and allocated the next sequential number.
- b) The number must be given to the Supplier and quoted on their invoice.
- c) The Board of Trustees must approve all expenditure on behalf of the Trust. Chairperson's approval can be sought in emergencies, but must be approved at the next Board of Trustees committee meeting.
- d) No Board of Trustees or staff member may authorise payment to themselves, their partner or relatives or sign cheques for their own payments.
- e) Invoices (or other receipts) should be matched and checked against the accounts before payment is authorised. All goods received must be signed for, if unchecked they must be checked for completeness before payment.
- f) When the cheque is signed, the two signatories should also sign the Cheque Requisition Form.
- g) For Internet Bank Transfer the two signatories must sign the Authorisation form.
- h) Once payment has been made the invoice (or other receipt) should be marked "Paid", together with the cheque number and date.
- i) All payments must be entered in the computerised accounting system only after being authorised.

**8. Payroll**

- a) All employees (including sessional and part time employees) must be asked to complete the relevant PAYE form/s before they receive any payment.
- b) All staff appointments/changes and changes to terms and conditions of employment must be authorised and minuted by the Board of Trustees.

**9. Insurance**

- a) Appropriate Insurance policies will be maintained to cover:
  - Employer’s Liability
  - Public Liability
  - Contents
- b) An inventory of all physical assets of the organisation will be kept and regularly updated.
- c) A copy will be kept in both school buildings.

**10. This Financial Policy,** and the Financial Procedures detailed above were agreed and minuted at a meeting of the Board of Trustees on:

Name:.....

Signed:.....

Date:.....

## Appendix I

### Checklist of Internal financial controls for charities from the Charity Commission

#### 1. Self-assessment checklist

The questions in this checklist are designed to help charity trustees and their advisers evaluate the charity's performance against the legal requirements and good practice recommendations set out in the commission's guidance on internal financial controls for charities. Trustees should review their charity's performance at least once a year.

Not all the controls listed will be appropriate for all charities, for example, where a section of the checklist deals with an area of activity that the charity does not undertake then that section of the checklist will not apply.

Charities must always comply with legal requirements and these requirements are identified in the checklist. A 'yes' answer for good practice recommendations does not mean there is no scope for further improvement. A 'no' answer does not always indicate a problem. It may be that the charity has not put in place a particular control because the risk involved is small and the potential loss is acceptable, given the cost that would be involved in putting in place stronger internal controls.

Finally, the answers in the checklist should be based on the trustees' knowledge of what actually happens in the charity and not what they expect to happen. Having an internal control in place is only part of the picture. It must operate in practice to be effective.

#### 2. Some key issues, monitoring arrangements and risk of fraud

<b>2.1 Financial controls throughout the charity</b>	<b>Yes</b>	<b>No</b>
Is the segregation of duties to provide 'double check'?		
Do the trustees carry out an annual review of the internal financial controls?		
<b>2.2 Monitoring activities</b>	<b>Yes</b>	<b>No</b>
Are the budgets of income and expenditure prepared, and approved by the trustees?		
Is performance measured against budgets at regular intervals and explanations sought for variances?		
<b>2.3 Internal audit and audit committee</b>	<b>Yes</b>	<b>No</b>
Have the trustees considered the need to appoint an internal auditor or set up an audit committee?		
<b>2.4 Information and communication</b>	<b>Yes</b>	<b>No</b>
Are the trustees provided with regular information about the financial performance of the charity?		
Do the trustees discuss the financial performance of the charity at each of their meetings?		
Are terms of reference in place for any finance sub-committee, or similar sub-groups of the trustee board?		
Does any finance sub-committee report to the full board of trustees for final decision making?		
<b>2.5 Trustees' responsibilities</b>	<b>Yes</b>	<b>No</b>
Are sufficient accounting records kept of all transactions? (legal requirement)		
Have the trustees considered the need for a reserves policy and put in place a reserves policy if one is needed? (legal requirement)		
Do the accounts comply with legal requirements? (legal requirement)		
Are the accounts formally approved by trustees at an annual meeting?		
Have the trustees appointed an auditor or independent examiner? (legal requirement)		
Are newly appointed trustees given a copy of the latest accounts?		
Do the trustees file the annual report and accounts and annual return on time? (legal requirement)		
<b>2.6 and 2.7 Managing the risks of financial crime and abuse</b>	<b>Yes</b>	<b>No</b>
Are trustees and staff made aware of why the charity is at risk from financial crime and abuse and of typical examples of potential fraudulent activities?		
Does the charity have an anti-bribery policy, policies on the acceptance of hospitality, the acceptance of donations and a register of interests in place?		
Does the charity have policies and controls over access to and storage of electronic information?		
Does the charity have computer programmes to protect its data and systems from external interference?		

Does the charity have procedures for reporting suspicions internally, and to the commission and the police?		
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### 3. Income

<b>3.1 Income received in the post</b>	<b>Yes</b>	<b>No</b>
Is the incoming post opened in the presence of two unrelated people?		
Are all incoming cheques and cash recorded immediately?		
Does the charity keep unopened mail secure?		
<b>3.2 Income from public collections and fundraising events</b>	<b>Yes</b>	<b>No</b>
If the charity undertakes public collections or fundraising events:		
• are public collections undertaken within legal requirements? (legal requirement)		
• are collection boxes numbered and their allocation and return recorded?		
• are all collection boxes sealed?		
• are all collection boxes regularly opened and counted by the charity and a record kept of their locations and history of takings?		
• are collections counted in the presence of the collector and a receipt given to them?		
• are two unrelated people involved in counting and recording the income?		
• is cash banked as soon as possible and without deduction of expenses?		
• are records maintained for each fundraising event?		
For ticket incomes are:		
• tickets pre-numbered?		
• records kept of all persons issued with tickets to sell, and which ticket numbers they have been allocated?		
• records kept of which tickets sold?		
• reconciliations made of money received against tickets sold?		
Has the charity complied with Part II of the Charities Act 1992 where professional fundraisers are engaged? (legal requirement)		
<b>3.3 Gift Aid donations</b>	<b>Yes</b>	<b>No</b>
Does the charity maximise the lawful take-up by its donors of Gift Aid?		
Are regular checks made to ensure all eligible tax repayments are obtained?		
Does the charity keep the records required by HMRC for Gift Aid claims?		
<b>3.4 Legacies</b>	<b>Yes</b>	<b>No</b>
Does the charity identify and monitor the receipt of large legacies and ensure that they are correctly included in the accounts?		
<b>3.5 Tainted charity donations and substantial donors</b>	<b>Yes</b>	<b>No</b>
Has the charity kept the necessary records to identify transactions with 'substantial donors' for donations received up to April 2011? (legal requirement)		
From April 2011, have the trustees put in place procedures to identify 'tainted charity donations'?		
<b>3.6 Trading income</b>	<b>Yes</b>	<b>No</b>
If the charity undertakes trading activities (either trading in furtherance of its objects or non-charitable trading):		
• if the level of non-charitable trading is significant is it carried out in a trading subsidiary?		
• does the charity have a pricing policy for the goods and services supplied?		
• does the charity have invoicing procedures for goods and services supplied?		
• does the charity review outstanding debts and collection procedures?		
• are there procedures to reconcile amounts invoiced and cash received to outstanding invoices?		
<b>3.7 Banking and custody procedures</b>	<b>Yes</b>	<b>No</b>
Are incoming receipts banked promptly?		
Is insurance held to cover the contents of the safe or cash box and cash in transit?		
Are funds banked without deduction of expenses?		
<b>3.8 Checks on income records</b>	<b>Yes</b>	<b>No</b>
Are regular checks made to ensure income records agree with the bank paying-in books and statements?		
Are checks made by someone other than the person who made the entry in the accounting records?		

#### 4. Purchases and payments

<b>4.1 Controls and authorisation of expenditure on goods and services</b>	<b>Yes</b>	<b>No</b>
Is there a written policy on the authorisation of expenditure?		
Are invoices received checked against orders confirming pricing and the receipt of the goods or services ordered?		
<b>4.2 Controls and authorisation of expenditure on grants</b>	<b>Yes</b>	<b>No</b>
If the charity makes grants, does it have a grant-making policy?		
Does the charity make and monitor grants in accordance with the grant-making policy?		
<b>4.3 Payment by cheque</b>	<b>Yes</b>	<b>No</b>
Does the charity follow any stipulation in the governing document about who can sign cheques?		
Does the bank mandate require at least two signatories?		
Is there a practice of not signing of blank cheques?		
Are cheque books etc kept in a secure place with access only by nominated persons?		
Are any monetary limits placed on an individual's signing recorded in writing?		
Is all cheque expenditure recorded in the cash book and noted with the relevant cheque number, nature of payment and payee?		
Are cheques signed only with documentary evidence of the nature of the payment, eg invoice?		
<b>4.4 Payments by debit/credit/charge card</b>	<b>Yes</b>	<b>No</b>
Does the charity have a policy for the use of payment cards, including the criteria for their issue, spending limits and security?		
Does the charity communicate the policy for the use of cards to all trustees and staff using them?		
Are cards cancelled when the holder ceases to work for the charity?		
Is all card expenditure supported by vouchers and invoices and recorded in the accounting records each time the card is used?		
Are card statements sent to the charity finance team and checked to supporting records and invoices?		
Is the cardholder's use of the card independently reviewed periodically to confirm its use is consistent with the policy?		
<b>4.5 Payments by direct debits, standing orders and BACS direct credit</b>	<b>Yes</b>	<b>No</b>
Are only named individuals authorised to set up direct debits, standing orders and direct credits?		
Does the charity use a dual authorisation system for BACS payments?		
Does the charity monitor the arrangements to ensure that automatic payment arrangements are cancelled when the goods and services are no longer being supplied to the charity?		
<b>4.6 Payment in cash</b>	<b>Yes</b>	<b>No</b>
Is every effort made to minimise cash payments?		
Are all payments by cash made from a cash float and not from incoming cash?		
Is supporting documentation authorised by someone other than the person maintaining the petty cash or the person making the claim?		
Are details of all payments entered in a petty cash book?		
Are regular independent checks made of the petty cash float and records?		
<b>4.7 Wages and salaries</b>	<b>Yes</b>	<b>No</b>
Are statutory deductions (tax and NIC) made from employees' wages and salaries and regularly forwarded to HMRC? (legal requirement)		
Does the charity comply with minimum wage legislation? (legal requirement)		
Are any other deductions from salaries made only where they are required or authorised? (legal requirement)		
Are the end-of-year returns (P60 and P11Ds) completed and filed with HMRC by the deadline? (legal requirement)		
If the charity employs staff are the required pension arrangements in place? (legal requirement)		
Do all employees have contracts of employment?		
Are personnel records kept and held separately from wages records?		
Are salary levels properly authorised and recorded?		

Is there a system of authorisation for recording and notifying starters and leavers, changes of hours and other payroll changes?		
Are payments made by BACS?		
<b>4.8 The payment of expenses and reimbursements</b>	<b>Yes</b>	<b>No</b>
Does the charity have a written policy to cover the payment and reimbursement of expenses?		
Is the policy communicated to all trustees, staff and volunteers?		
Are expenses reimbursed only where the individual incurred the expense in the course of carrying out the charity's business?		
Does the expense claim include a self-declaration that the claim is accurate and incurred on the business of the charity?		
Are reimbursements made by BACS transfer or cheque?		
If the charity pays mileage rates for travel are the rates in accordance with HMRC approved rates?		
<b>4.9 Loans</b>	<b>Yes</b>	<b>No</b>
Are the terms of the loan documented?		
Does the charity have a repayment plan in place to repay the principal and any interest due?		
<b>4.10 Checks on expenditure records</b>	<b>Yes</b>	<b>No</b>
Are regular checks made to ensure expenditure records are accurate and agree with the bank statements?		
Are regular checks made to ensure no discrepancies between the payments made and the original invoice or payment records?		
Are checks made by someone other than the person who made the entry in the accounting records?		

## 5. Assets and investments

<b>5.1 Controls over fixed assets</b>	<b>Yes</b>	<b>No</b>
Is a comprehensive fixed asset list held and updated regularly?		
Are assets checked regularly to ensure they are still in good repair and are of use to the charity?		
Has insurance cover been considered?		
Is the use of fixed assets reviewed annually (to ensure put to best use and serving the charity's interests)?		
<b>5.2 Investments</b>	<b>Yes</b>	<b>No</b>
Does the charity have an investment policy?		
Does this policy include the need to consider diversification of investments, including bank accounts?		
Is the performance of investments regularly reviewed?		
Is professional advice taken, where appropriate, on the selection or disposal of investments?		
Does the charity inspect investment properties to ensure tenant covenants are adhered to?		
Are there controls to ensure that all investment income due is received?		
<b>5.3 Money held as a current asset</b>	<b>Yes</b>	<b>No</b>
Are secure records held of all bank and building society accounts?		
Are bank statements regularly received and regular bank reconciliations carried out?		
Are instructions to open or close accounts properly authorised and reported to trustees?		
Are checks made to ensure that there are no dormant accounts?		
Are the accounts monitored to ensure there is no third party use?		
Do the trustees regularly review the costs, benefits and risks of their current and deposit accounts?		
<b>5.4 Electronic banking</b>	<b>Yes</b>	<b>No</b>
If the charity uses electronic banking to make payments does the system used require authorisation of transactions by two individuals?		
Are PCs kept secure with up-to-date anti-virus and spyware software and a personal firewall?		
Are trustees and staff made aware of the need to ensure that the charity's security details (including the password and PIN) are not compromised?		
Is the PIN and password regularly changed, for example to mitigate the risks of compromising security when individuals leave the charity?		



Does the charity maintain a list of persons (trustees and staff) who are approved to have access to the PIN and password?		
Does the charity keep an audit trail of electronic banking transactions?		
Have those using online banking facilities been trained in their use?		
<b>5.5 Non-traditional banking</b>	<b>Yes</b>	<b>No</b>
If the charity uses non-traditional banking methods:		
• are policies set and approved by trustees defining the circumstances when non-traditional banking methods may be used?		
• is the use of such methods limited to essential transfers where traditional banking methods cannot be used?		
• does the charity keep an audit trail of non-traditional banking transactions?		
• does the charity ensure that the controls that are in place for its traditional bank transactions also operate with non-traditional banking transactions?		
<b>5.6 Restricted funds and endowment funds</b>	<b>Yes</b>	<b>No</b>
Are procedures in place to ensure that any restrictions put on the use of funds, by the donor or through an appeal, are observed?		
Does the charity ensure that the conditions attached to permanent endowments are observed?		

Completed by: .....

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Signed: .....

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Dated: .....