

SPECIALIST EDUCATION SERVICES

Financial Procedures Policy and Practice

Date created or revised: 0316
Date of next review: 0318

*SES Avocet Ltd (4926028) and SES Turnstone Ltd (7972485)
are subsidiary companies of Specialist Education Services Holdings Ltd (7970185)*

CONTENTS

1	INTRODUCTION	5
2	ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY	
2.1	Key Roles Defined	5
2.2	Delegated Authority	5
2.3	Internal Control Systems	6
2.4	Compliance With Financial Regulations	6
3	BUDGETS	
3.1	Statement Of Aims And Objectives	6
3.2	Short, Medium And Long Term Plans	6
3.3	Budget Planning Timetable	6
3.4	Timely Estimates	6
3.5	Budget Profiling	7
3.6	Regular Reports To The Directors	7
3.7	Responsibility Of Budget Holders	7
3.8	Regular Review Of Budget	7
3.9	Virement Procedures	7
3.10	Monitoring Progress Against Plan	7
3.11	Consultation On Information Quality	7
3.12	Reporting Proposed Policy Changes	8
4	INTERNAL FINANCIAL CONTROLS	
4.1	Duties/Checks Specified By The Directors	8
4.2	Working Within Agreed Procedures	8
4.3	Cover For Staff Absences	8
4.4	Separation Of Duties	8
4.5	Rules For Documentation Alteration	9
4.6	Security Of Accounting Records	9
4.7	Traceability Of Transactions	9
4.8	Limited Access To Accounting Records	9

5	INSURANCE	
5.1	Review Of Insurance Arrangements	9
5.2	Notification Of New Risks	9
5.3	Consent For Third Party Indemnities	9
5.4	Notification Of Insurance Claims	10
5.5	Insuring Property Off Site	10
6	COMPUTER SYSTEMS	
6.1	Data Protection Registration	10
6.2	Back-Up Procedures	10
6.3	Protection Of Computer Facilities	10
7	PURCHASING: VALUE FOR MONEY	
7.1	Testing The Market	11
7.2	Procedures For Getting Quotations	11
7.3	Limits Of Authority	11
7.4	Procedure For Accepting Quotations	11
7.5	Procedures For Tendering	11
8	PURCHASING: AUTHORISATION	
8.1	Approved Signatories	12
8.2	Responsibilities Of Signatories	12
8.3	Recording Committed Expenditure	12
8.4	No Private Orders	12
9	PURCHASING: PAYMENT OF ACCOUNTS	
9.1	Checking Goods And Services	12
9.2	Servicing Invoices	13
9.3	Certification Of Invoices For Payment	13
9.4	Authorised Signatories	13
9.5	Marking Invoice 'Paid'	14
9.6	Photocopied Invoices	14
9.7	Electronic Payment	14
9.8	Credit Notes	14

9.9	Advance Payment Of Invoices	14
10	PERSONNEL	
10.1	Procedures For Personnel Matters	14
10.2	Procedures For Administration	14
10.3	Security Of Personnel Records	15
10.4	Proper Payroll Transactions	15
10.5	Regular Payroll Checks	15
11	THE SECURITY OF STOCKS AND OTHER PROPERTY	
11.1	Responsibility For Cash And Property	15
11.2	Maintenance Of Stock Levels	15
11.3	Maintenance Of Inventories	15
11.4	Checking Inventories	15
11.5	Procedures For Property Off Site	16
11.6	Authorisation Of Write-Offs And Disposals	16
11.7	Security Of Safe Keys	16
12	INCOME	
12.1	Charging Policy	16
12.2	Separation Of Duties	16
12.3	Prompt Issue Of Invoices	16
12.4	Discount On Fees Invoices	16
12.5	Transfer Of Money Between Staff	17
12.6	Secure Records Of Income	17
12.7	Security Of Monies	17
12.8	Banking Arrangements	17
12.9	Avoiding Unofficial Payment	17
12.10	Reconciling Income And Deposit	17
12.11	Writing Off Debts	17
13	BANKING ARRANGEMENTS	
13.1	Bank Account Protocols and Procedures For Cheque Book Use	17
13.2	Regular Statements And Reconciliations	18

13.3	Staff Responsibilities	18
13.4	Use Of Private Bank Accounts	18
14	PETTY CASH	
14.1	Storage Of Cash	18
14.2	Authorised Access To Petty Cash	18
14.3	Withdrawal Of Cash	19
14.4	Storage Of Cash Cards	19
14.5	Cash Handling	19
14.6	Reconciling Expenditure With The Bank Account	19
14.7	Reporting And Accountability	19
15	CREDIT CARDS	
15.1	Procedures for Credit Card Use	20
15.2	Authorised Use of Credit Cards	20
15.3	Regular Statements And Reconciliations	20
15.4	Staff Responsibilities	20
15.5	Storage Of Credit Cards	20
15.6	Withdrawal Of Cash	20
16	TRADE ACCOUNTS AND FUEL CARDS	
16.1	Procedures for Trade Account Use	20
16.2	Authorised Use of Trade Accounts	21
16.3	Regular Statements And Reconciliations	21
16.4	Staff Responsibilities	21
16.5	Storage Of Trade Account Cards	21
16.6	Personal Use	21
16.7	Procedures For Use Of Fuel Cards	21
16.8	Authorised Use Of Fuel Accounts	22
16.9	Invoices And Payments Of Fuel Accounts	22
16.10	Storage Of Fuel Cards	22
16.11	Personal Use	22

1 INTRODUCTION

This document highlights the way in which financial resources allocated to Avocet House and Turnstone House are managed.

The financial decision-making and management systems need to be read in conjunction with the Development Plans, the Staff Handbook and other policy and practice documents.

2 ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY

2.1 KEY ROLES DEFINED

Directors

The Directors are responsible for the overall finances of Specialist Education Services Ltd and its component elements and facilities. They meet on a monthly basis. Finance is a standing item on their agenda where they examine budgetary control, cash flow and the SES Business Plan.

A termly summary report will be prepared for the Directors by the Principal of each establishment. The Directors are responsible for ensuring that they are satisfied with the financial systems, structures, processes and procedures that are in place at SES.

Principal

The Principal is responsible on a day-to-day basis for the financial operation of their establishment and short, medium and long term planning in relation to the Development Plan and the SES Business Plan.

The Principal holds a monthly finance meeting with key personnel to examine budgetary control, spending plans and short-term cash flow. A termly report is submitted to the Directors.

Administrator

The Administrator is responsible for the detailed financial operation of their site, including administration of payroll and associated tasks, maintaining accurate financial data using the company accounting software, reconciling bank and cash accounts and assisting with financial planning.

The Administrator attends, and produces reports and analysis for, the monthly finance meeting with the Principal.

2.2 DELEGATED AUTHORITY

The day-to-day control of the finances of each establishment is devolved to the Principal. Systems and structures of control have been established which are outlined later in detail within this document.

Financial Planning Meetings take place monthly to monitor expenditure via reports, spreadsheets, bank statements and bank reconciliations. These meetings involve the Principal, Administrator, Head of Education and Registered Manager. Directors generally will not attend internal finance planning meetings but may periodically decide to do so for monitoring and development purposes. Equally, the Principal may request the attendance of one or more directors to a meeting(s).

2.3 INTERNAL CONTROL SYSTEMS

As outlined above SES has established sound systems of internal control to monitor the finances of the establishment. These systems are dealt with in more detail in Section 3.

2.4 COMPLIANCE WITH FINANCIAL REGULATIONS

SES uses the Account Edge Plus (AEP) software as a day-to-day tool for recording its finances. SES employs a firm of accountants to act on their behalf and provide accounting advice to the Directors. Both the accountants and bank manager are routinely provided with profit and loss statements used at the monthly internal finance meetings.

3 **BUDGETS**

3.1 STATEMENT OF AIMS AND OBJECTIVES

Within each sites Brochure is a written statement of the aims and objectives that underpin its operation and organisation and hence its budgetary planning as expressed through their Development Plan.

3.2 SHORT, MEDIUM AND LONG TERM PLANS

Details of the short, medium and long-term plans for can be found in the site specific Development Plan.

3.3 BUDGET PLANNING TIMETABLE

The budget cycle runs from September to August, therefore short term budget planning for year on year expenditure takes place towards the end of the summer term each year. All staff are involved in this process to some degree or other. Priorities for the Development Plan are therefore reviewed on an annual basis.

Targets, tasks and success criteria for priority areas are produced and spending predictions made. This process then feeds into the budget planning cycle.

3.4 TIMELY ESTIMATES

The Principal, with support from the relevant staff, prepares estimates of expenditure by the beginning of July. This process should be started with the information available at the time and be completed in relation to the SES Business Plan by the end of July/beginning of August.

The SES Business Plan is the responsibility of the Directors and projects the company's income and expenditure up to three years ahead.

3.5 BUDGET PROFILING

The administrator in conjunction with the Registered Manager and Head of Education attend the monthly finance meetings with the Principal, and examine actual spend and projected spend data.

3.6 REGULAR REPORTS TO THE DIRECTORS

The Principal through the monthly finance meetings provides regular reports on percentage spending including sums committed but not yet paid. This information is fed back to the termly meetings with the Directors.

3.7 RESPONSIBILITY OF BUDGET HOLDERS

Internal budget holders have funds allocated to them for areas of expenditure and development. These areas of expenditure cannot be exceeded without liaison and discussion with the Principal.

3.8 REGULAR REVIEW OF BUDGET

The Registered Manager and Head of Education have responsibility for regularly reviewing and reporting on their spending to the Principal on a monthly basis. This reporting to the Principal on spending commitments ensures overspending under each heading is avoided.

3.9 VIREMENT PROCEDURES

Through the regular financial planning meetings it is sometimes necessary to consider transferring money from one budget heading to another where areas of the budget may be over or under spent. This process is called virement. This would automatically be discussed at the monthly finance meetings

3.10 MONITORING PROGRESS AGAINST PLAN

Assessment of progress against the objectives in the development plan happens continuously at various levels of management. This is referred to the Directors through the Principal's report at termly meetings with the Directors.

3.11 CONSULTATION ON INFORMATION QUALITY

The Principal periodically consults with the Directors and staff to ensure that the financial and management information they receive is relevant, timely, reliable and understandable.

3.12 REPORTING PROPOSED POLICY CHANGES

The Principal should report to the Directors any proposal for policy changes that significantly affect the expenditure or income budgets. The report should highlight current and future year costs or income for consideration alongside the Development Plan.

4 INTERNAL FINANCIAL CONTROLS

4.1 DUTIES/CHECKS SPECIFIED BY THE DIRECTORS

The Principal has responsibility for ensuring that the duties of staff concerned with financial transactions involve a range of people.

As outlined previously the administrator has responsibility for the processing and preparation of payments. The Principal makes sample system checks as part of his monitoring responsibility. The regular monthly financial planning meetings provide an additional opportunity for this monitoring.

4.2 WORKING WITHIN AGREED PROCEDURES

SES uses the AEP accounting package and related financial software. An AEP consultant is available should support be required, along with a telephone helpline, provide by Mamut as part of the AEP licensing agreement.

RSM, a leading independent firm of chartered accountants and business advisers, is bought in as the overall business accountancy support to Specialist Education Services Ltd.

4.3 COVER FOR STAFF ABSENCES

It is policy to ensure all tasks within SES are maintained in the absence of key staff. The SES admin team comprising an Administrator and an Admin Assistant on each site work together to ensure continuity. Should the administrator be absent the admin assistant, with appropriate training and under the supervision of the Principal, could temporarily take over this role, with additional advice from the AEP consultant where required.

Practical written guidance is also available for most day-to-day financial procedures, to support periods of absence.

4.4 SEPARATION OF DUTIES

Due to the size of SES it is not always possible to fully separate the duty of calculating, checking and recording money from the collecting or paying out of money. In compensation for this checks and balances are in place to minimise risk and ensure compliance with practice guidelines.

However, where possible, reconciliations and monitoring are carried out by the senior administrator, separately from day-to-day financial processes.

4.5 RULES FOR DOCUMENTATION ALTERATION

Alterations to any original documents such as cheques, invoices, order and other vouchers are made clearly in ink or other permanent mediums. Correcting fluid or erasers are not used.

4.6 SECURITY OF ACCOUNTING RECORDS

SES has a responsibility to properly maintain accounting records and hold them securely within the each establishment office. Documents relating to the financial transactions of SES are not destroyed except in accordance with statutory guidance. Paper and electronic information and documentation is held for a minimum of six years.

4.7 TRACEABILITY OF TRANSACTIONS

All financial transactions within SES are traceable from the original documentation, the accounting records and vice/versa. These are held on disc as well as hard copies.

4.8 LIMITED ACCESS TO ACCOUNTING RECORDS

Only the Principal and administrator (or their appointed deputies in their absence) have access to the accounting records, which are securely retained when not in use.

5 INSURANCE

5.1 REVIEW OF INSURANCE ARRANGEMENTS

The Principal reviews insurance arrangements for their establishment in discussion with the Directors. All risks are reviewed annually to ensure that sums insured are commensurate with risks.

5.2 NOTIFICATION OF NEW RISKS

The Principal would notify the insurers as appropriate of all new risks, property, equipment and vehicles that require insurance or any other alteration affecting existing insurances.

5.3 CONSENT FOR THIRD PARTY INDEMNITIES

The Principal ensures that no indemnity is given to any third party without the written consent of the Directors.

5.4 NOTIFICATION OF INSURANCE CLAIMS

The Principal, or a designated person (usually the administrator) will immediately inform the insurers of all accidents, losses and other incidents that may give rise to an insurance claim.

5.5 INSURING PROPERTY OFF SITE

Insurance arrangements are in place to cover the use of SES property when off the premises. Equipment is insured whilst off site providing it is being used solely for work purposes and kept securely. Equipment is also insured whilst in cars providing the car is locked securely and all usual precautions are taken i.e. not left on show, etc.

Staff are liable for the replacement of equipment if negligence is clearly a factor, e.g. a laptop is left in the passenger area of a vehicle rather than locked away in the boot out of sight, or a laptop is left out with its electrical lead connected across an area where there is a risk that someone may trip over it.

Within the overall insurance package is appropriate travel and visits insurance.

6 COMPUTER SYSTEMS

6.1 DATA PROTECTION REGISTRATION

A proportion of financial management records of each establishment are held on the main Network Server. SES is also registered under the Data Protection Act 1998. This allows personal data to be stored on the database as long as it complies with the Code of Practice.

6.2 BACK-UP PROCEDURES

All financial records (AEP) are held securely on the SES Network. Periodically, they are copied to the SES Office iMac, and the network itself is backed up daily on to an external hard drive which is taken off-site each evening. The back-up is continuous and incremental to ensure that the most up-to-date data is stored.

6.3 PROTECTION OF COMPUTER FACILITIES

Only designated members of staff have access to the financial planning software. The Network Server, Office iMacs and the AEP software are all password protected.

7 PURCHASING: VALUE FOR MONEY

7.1 TESTING THE MARKET

It is the Principal's responsibility to ensure that their establishment obtains the best value for money from any purchase by testing the market before SES is committed to any expenditure.

7.2 PROCEDURES FOR GETTING QUOTATIONS

In order to obtain the best value for money the Principal/administrator or delegated budget holder obtains three telephone or written quotations on items over £1000. If it is impractical to do so the reason for not doing so should be reported to the Directors in the Principal's termly report.

7.3 LIMITS OF AUTHORITY

For any single item of expenditure over £5000 it has been agreed that the Principal must seek the Directors approval. This must be accompanied by three written quotations.

7.4 PROCEDURE FOR ACCEPTING QUOTATIONS

If a quotation other than the lowest is accepted or recommended this should be reported to the Directors and the reasons for the decision should be recorded in the minutes of the Directors' monthly meeting.

7.5 PROCEDURES FOR TENDERING

The Principal should in the event of purchases or contracts estimated to exceed £5000 put them out to tender, after informing the Directors.

The following points should be adhered to:

- Advertisement of tenders
- Compliance with ECC regulations
- The procedures for the submission, receipt and opening and recording of tenders.
- The circumstances when financial or technical evaluation is necessary acceptance of tenders.
- The form of contract documentation.
- The cancellation clauses in cases involving corruption or bribery.

8 PURCHASING: AUTHORISATION

Authorisation to purchase forms are used for all purchases of goods and services. These are filed by the Administrator. Where suppliers require their own order forms completed, copies are retained. Purchases are scheduled alongside other financial commitments, and are not necessarily ordered immediately. The Principal, in consultation with the directors, decides timescales.

8.1 APPROVED SIGNATORIES

Only the Principal, Registered Manager and Head of Education can authorise purchases.

8.2 RESPONSIBILITIES OF SIGNATORIES

The above mentioned signatories must be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotes and tenders have been obtained if appropriate.

8.3 RECORDING COMMITTED EXPENDITURE

Those staff with budget delegation should record commitments and expenditure against their budget headings. These decisions are analysed at the monthly finance meetings.

8.4 NO PRIVATE ORDERS

Authorisation to purchase forms are only used for goods and services provided to SES. Under no circumstances should individuals use these forms to obtain goods and services for their private use.

9 **PURCHASING: PAYMENT OF ACCOUNTS**

The Principal/administrator must ensure the correctness of the accounts in all respects, including arithmetical accuracy, and for maintaining the prime financial records needed for verification, holding these as archives for not less than six years.

The Directors ensure that the duties of staff concerned with all financial transactions are, as far as is practicable, distributed so that at least two people are involved.

9.1 CHECKING GOODS AND SERVICES

9.1.1 Delivery Procedures

Goods

A delivery note will normally be obtained for goods. The administrator or designated budget holder must check items against the delivery note and should sign and date the delivery note and record whether the delivery is complete or not. If goods are accepted 'unexamined' it is important that they are checked as soon as possible and any shortages or defects taken up with the supplier without delay. Delivery notes, once signed and checked should be sent to the main office to be filed with the invoice.

Services/work done

Delivery notes are not usually provided for services/work done, but either the Principal or administrator, or their designate, must check to ensure that the work executed conforms to the authorisation form and any defects must be promptly notified to the firm.

Return of Goods

Incorrect or damaged goods should be returned and credit notes obtained. Details of goods returned must be entered on delivery notes and authorisation forms.

9.2 SERVICING INVOICES

Before certifying an account the administrator needs to ensure that they are satisfied that the account is reasonable, and that the following checks have been carried out, including:

- The goods have been received, examined and approved as to quality and quantity for services rendered or work done satisfactorily.
- The invoices conform to the order (if an order was generated).
- It has not been previously paid.
- Prices accord with quotations, tenders, contracts or catalogue prices and the calculations are correct.
- The invoice is correctly coded.
- That the authorisation forms have been properly endorsed.
- Discounts where available have been taken into account.

Submission of invoices by suppliers

- Invoices should not be accepted when they are made out in pencil or where they give an insufficient description of the goods/work charged for.
- Amendments should not be made to supplier's invoices. A replacement invoice or a credit note must be requested from the creditor if errors or omissions are discovered.

9.3 CERTIFICATION OF INVOICES FOR PAYMENT

The Administrator is responsible for the proper examination and verification of the related invoices. The administrator then enters the payment onto the accounting software and makes the necessary payment.

9.4 AUTHORISED SIGNATORIES

At the present time signatories are any two from the following members: Principal Co-Directors, the Administrator, the Head of Education and Registered Manager.

9.5 MARKING INVOICE 'PAID'

All invoices paid should be endorsed by a rubber stamp marked and annotated by the Administrator.

9.6 PHOTOCOPIED INVOICES

Top copies of the invoices should be used for accounting purposes and held on file. A remittance slip is sent to the company with cheque payments.

9.7 ELECTRONIC PAYMENT

Where the payment is made electronically the remittance slip is sent to the company, to confirm payment. Wherever possible, remittance slips are emailed.

9.8 CREDIT NOTES

Where an invoice has been or is being paid in full and a credit note is obtained for the whole or part of the charge, the credit note should be certified and recorded like the invoice and should be used to offset part of the charge contained in the next invoice.

9.9 ADVANCE PAYMENT OF INVOICES

It is not normal practice to make payments in advance of the receipt of goods or services because of the difficulties caused due to non-supply or businesses ceasing to trade, however exceptions can be made where a lack of trading history with SES means that a supplier is reluctant to send goods without payment. In this situation authorisation is required by the Principal. In exceptional circumstances, where a supplier requires payment prior to the delivery of goods or services, a proforma invoice is required to enable the payment to be made in advance. Authorisation by the Principal is required.

In some specific circumstances, the supplier requires a deposit, before the order can be processed. In this instance, the supplier must give a breakdown of staged payments at the quotation stage and issue separate invoices for the deposit and the subsequent balance once the order is complete.

10 PERSONNEL

10.1 PROCEDURES FOR PERSONNEL MATTERS

The Principal is responsible for procedures for the administration of personnel activities including appointments, terminations and promotions.

10.2 PROCEDURES FOR ADMINISTRATION

The Principal and Administrator have joint responsibility for the processes of completing, checking and authorising all documentation in relation to appointment, terminations of employment and expenses.

10.3 SECURITY OF PERSONNEL RECORDS

SES retains some paper and electronic personnel records of staff in accordance with the provisions of the Data Protection Act 1998.

10.4 PROPER PAYROLL TRANSACTIONS

SES utilises the AEP payroll system to process payroll transactions. All transactions relating to wages are processed through the payroll system.

10.5 REGULAR PAYROLL CHECKS

The administrator is responsible for processing monthly payroll and for checking its accuracy. This includes checks against other documentation to ensure that no discrepancies occur, e.g. staff that have left are still being paid.

11 THE SECURITY OF STOCKS AND OTHER PROPERTY

11.1 RESPONSIBILITY FOR CASH AND PROPERTY

The Principal assumes responsibility on behalf of the Directors for the safe custody and control of cash and other property belonging to the SES.

11.2 MAINTENANCE OF STOCK LEVELS

The Principal in conjunction with the budget holders ensures that stocks are maintained at reasonable levels and are subject to a regular independent physical check.

11.3 MAINTENANCE OF INVENTORIES

SES currently keeps manual inventories, which are regularly updated and reviewed annually.

All electrical items are security marked by the handyperson as belonging to SES with the SES name and establishment postcode.

An electronic inventory is kept by the ICT Specialist of all ICT related equipment

11.4 CHECKING INVENTORIES

The Principal ensures that the inventory is checked at least once a year against the physical items. Any discrepancies are investigated and pursued to a satisfactory conclusion. The Principal should report any discrepancies over £500 to the Directors.

11.5 PROCEDURES FOR PROPERTY OFF SITE

In general when SES property is taken off the site it is signed for using an Equipment Loan Form. Senior staff always act as counter signatories for items leaving the premises and being returned to the premises.

Certain items of SES property are given over to staff for the duration of their employment (e.g. laptops). These are logged out using a master file held on the server.

11.6 AUTHORISATION OF WRITE-OFFS AND DISPOSALS

The Directors authorise all write-offs and disposal of surplus stock and equipment in. A record of all items for disposal is kept in the relevant inventory.

11.7 SECURITY OF SAFE KEYS

Each establishment's safe is kept locked and the keys removed and kept securely. The SES office area at Avocet House is secured with an independent PIR alarm system that has a separate coded entry panel.

12 INCOME

12.1 CHARGING POLICY

The Directors have established a charging policy for the supply of goods or services. The Principal is responsible to the Directors for accounting for all income due and cash collected.

12.2 SEPARATION OF DUTIES

The responsibility of identifying sums of money is down to the Principal. The responsibility for collecting and banking any outstanding monies is down to the administrator.

12.3 PROMPT ISSUE OF INVOICES

Any income to SES is recorded via the AEP software. Where this relates to invoices they are issued well in advance of the payment date in order to recoup the money as soon as possible. The responsibility for this process sits with the Administrator.

12.4 DISCOUNT ON FEES INVOICES

Occasionally, in specific circumstances, a discount is offered to customers for prompt payment in advance. The criteria for such discounts are defined by the Directors and must only be applied under their instruction.

12.5 TRANSFER OF MONEY BETWEEN STAFF

The transfer of money between staff in SES should always be signed for.

12.6 SECURE RECORDS OF INCOME

It is the responsibility of the administrator to securely retain receipts, tickets and other records of income.

12.7 SECURITY OF MONIES

The administrator should ensure that all cash and cheques are locked away to safeguard against theft.

12.8 BANKING ARRANGEMENTS

Most transactions are handled electronically. All cheques received are banked within two working days, usually by post. Cash is taken only rarely and in this instance when takings exceed £200 monies are banked immediately.

12.9 AVOIDING UNOFFICIAL PAYMENT

As previously mentioned income collections should not be used for the encashment of personal cheques or for other payments.

12.10 RECONCILING INCOME AND DEPOSIT

Most payments are secured via BACS transactions with very few cash or cheque deposits. Where deposits are made the Administrator ensures reconciled sums tally to the sums deposited at the bank. Bank paying in slips must show clearly the split of cash and cheques.

12.11 WRITING OFF DEBTS

Debts can only be written off in accordance with the Directors written instructions. A record will be kept in the eventuality of sums being written off.

13 **BANKING ARRANGEMENTS**

13.1 BANK ACCOUNT PROTOCOLS AND PROCEDURES FOR CHEQUE BOOK USE

- The SES Avocet Ltd bank account is held at the Bank of Scotland
- The creation of any changes to this account must be approved by the Directors and a record included in the minutes of their monthly meetings.
- Directors have sanctioned all categories of expenditure to be permitted excluding salaries.
- Directors have established the maximum value of any individual transaction should be £2500 without prior permission.
- Only manuscript signatures should be used.

- The withdrawal and depositing of cash is made by the administrator; working on the instructions of the Principal, they make withdrawals of up to £500 on any single transaction.
- The seven approved cheque signatories are the Directors, Principal, Administrator, Head of Education and Registered Manager.
- Cheques are signed by hand by two of the seven signatories.
- All cheques should be drawn and crossed 'account payee only'.
- The Principal is able to access the online banking system as a delegate user.

13.2 REGULAR STATEMENTS AND RECONCILIATIONS

Internet statements are reconciled at least monthly and often fortnightly. Bank statements are filed with Internet statements. Discrepancies are investigated. All bank reconciliations should be certified by the administrator. These are presented to the Principal for scrutiny immediately upon completion.

13.3 STAFF RESPONSIBILITIES

The administrator is responsible for undertaking bank reconciliations as well as for the processing of receipts or payments. However, where possible, processing of payments and receipts is delegated.

13.4 USE OF PRIVATE BANK ACCOUNTS

Individual members of staff should not use their private bank accounts for any payment or receipt related to the establishment's budget. Only with the Principal's, Registered Manager or Head of Education's authorisation and in exceptional circumstances where purchases cannot be made in any other way, may personal credit cards be used and payment reimbursed via the expenses claims procedure. This involves full receipts and validation of such payments. An Authorisation Form is completed before the purchase is made. Cash reimbursement is not allowed.

14 PETTY CASH

Petty cash is provided for everyday expenditure where cash is considered to be the most effective means of making the purchase.

14.1 STORAGE OF CASH

Two lockable tins are stored securely.

14.2 AUTHORISED ACCESS TO PETTY CASH

The Duty DCM is responsible for handling cash in the house office under specifically designated expenditure headings. The administrator is responsible for the handling of the cash in the SES office under different specifically designated expenditure headings.

14.3 WITHDRAWAL OF CASH

The administrator is authorised to withdraw cash from the SES bank account using a cash card. A maximum of £500 may be drawn at any one time. A withdrawal slip is obtained and the cash signed in immediately on returning to the premises.

14.4 STORAGE OF CASH CARDS

There are a maximum of 4 cash cards each with a unique PIN number. All are stored securely.

14.5 CASH HANDLING

The Duty DCM or administrator ensures:

- Each person receiving money signs the petty cash sheet.
- Proper receipts are received for all purchases, and the value of the receipts and change reconcile with the amount taken.
- The expenditure is recorded accurately against the correct budget heading.
- The balance on the petty cash sheet is correctly calculated.
- In the house office, the Duty DCM reconciles the cash in the tin with the calculated balance at least once per day.
- DCMs agree the balance of the cash in the tin during handover, signing the handover sheet.
- In the SES office, the administrator reconciles the cash in the tin with the calculated balance at least once per week.

14.6 RECONCILING EXPENDITURE WITH THE BANK ACCOUNT

The administrator is responsible for recording petty cash expenditure on AEP against the appropriate budget headings and ensuring the total expenditure reconciles with the amounts withdrawn from the bank and the cash remaining in the tins. This is done weekly for the house office petty cash and monthly for the main office petty cash.

14.7 REPORTING AND ACCOUNTABILITY

The administrator produces a weekly report for the Registered Manager giving a breakdown of expenditure under relevant budget headings, for use as a monitoring tool. Breakdown of petty cash expenditure also forms part of reports produced for monthly finance meetings.

15 **CREDIT CARDS**

Credit cards should not be seen as a standard, everyday way of paying for goods and services. However, in certain circumstances it may be more efficient to make purchases by company credit card, e.g. where there is no company account facility or where specific purchases require payment via the Internet.

15.1 PROCEDURES FOR CREDIT CARD USE

The following procedures are adhered to with regard to credit card use:

- The credit card account is held with the Bank of Scotland
- The creation of any changes to this account must be approved by the Directors and a record included in the minutes of their monthly meetings.
- Directors have established the maximum value of any individual transaction should be £2500 without prior permission.
- Any outstanding amounts on credit card statements are cleared monthly by DD.
- Expenditure on credit cards must be authorised in the same way that any other purchases are.

15.2 AUTHORISED USE OF CREDIT CARDS

The Administrator and Directors are the only authorised users of company credit cards.

15.3 REGULAR STATEMENTS AND RECONCILIATIONS

Credit Card statements are reconciled monthly. Discrepancies are investigated and statements filed. Reconciled statements are presented to the Principal for scrutiny immediately upon completion.

15.4 STAFF RESPONSIBILITIES

The administrator is responsible for undertaking credit card statement reconciliations and ensuring accuracy of payments.

15.5 STORAGE OF CREDIT CARDS

There are 3 credit cards each with a unique PIN number. Cards are stored securely.

15.6 WITHDRAWAL OF CASH

Credit cards are not to be used for cash withdrawals.

16 TRADE ACCOUNTS AND FUEL CARDS

The Company has a number of trade accounts. These are used for the purchase of materials required for the maintenance of the property.

16.1 PROCEDURES FOR TRADE ACCOUNT USE

The following procedures are adhered to with regard to trade account use:

- Trade accounts are held with Trade UK and the Crown Decorating Centre.
- The Directors must approve the creation of any changes to these accounts and a record included in the minutes of their monthly meetings.

- The maximum credit on these accounts is £1800 at Trade UK, and £1000 at the Crown Decorating Centre.
- Credit amounts may not be increased without the directors' permission.
- Any outstanding amounts on trade accounts statements must be cleared as they are received, or where invoices are sent, these are paid according to terms and conditions of the account.
- Expenditure on trade account must be authorised in the same way that any other purchases are i.e. a requisition form must be completed in advance of the purchase.
- All receipts for purchases must be passed to the administrator immediately after the purchase has been made.

16.2 AUTHORISED USE OF TRADE ACCOUNTS

The Housekeeper and Handyperson are the only authorised users of trade accounts. This authority must not be delegated to any other member of staff, unless the directors give specific permission.

16.3 REGULAR STATEMENTS AND RECONCILIATIONS

Trade Account statements are reconciled monthly. Discrepancies are investigated and statements filed. These are available for scrutiny by the Principal at any time.

16.4 STAFF RESPONSIBILITIES

The administrator is responsible for undertaking Trade Account statement reconciliations as well as for ensuring payments are made.

16.5 STORAGE OF TRADE ACCOUNT CARDS

There are 2 cards for the Trade UK account. Cards are stored securely, one by the Housekeeper and one by the Handyperson. The Crown Decorating Centre account does not operate a card system.

16.6 PERSONAL USE

Trade accounts may not be used for purchase of goods for personal use.

16.7 PROCEDURES FOR USE OF FUEL CARDS

- A fuel account is held with BP and is used regularly to fuel two pool cars.
- There are 2 cards – one for each vehicle.
- The overall credit limit is £500.
- The account is accessed via a PIN number at the point of sale.
- Fuel receipts are forwarded to the main office immediately after purchase.
- The fuel cards are stored securely in the house office and are signed out each time they are used.

16.8 AUTHORISED USE OF FUEL ACCOUNTS

The handyperson is responsible for fuelling the cars on a weekly basis or as necessary. In his absence other members of staff may use the fuel cards for this purpose

16.9 INVOICES AND PAYMENTS OF FUEL ACCOUNTS

- Invoices are received each week electronically and the administrator checks these against the receipts.
- Payments are made by weekly direct debit.

16.10 STORAGE OF FUEL CARDS

Cards are stored in the house office and are the responsibility of the DCM. Any person removing the card to fuel a vehicle is required to sign the sheet in the file.

16.11 PERSONAL USE

Fuel accounts may not be used for fuelling personal vehicles.