

Southend Education Trust

Financial Regulations and Procedures

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I Introduction

The financial and contractual operations of Southend Education Trust will be undertaken in accordance with these financial regulations and procedures.

The Chief Executive Officer is responsible for the proper financial administration of Southend Education Trust.

- It is his/her responsibility to ensure regularity and for the economic and effective use of resources.
- He/she should ensure all relevant staff are aware of these regulations and procedures.
- He/she is responsible for the maintenance and interpretation of these regulations and procedures.
- All changes and amendments to these regulations should be approved by the Trustees.

II Scheme of delegation

The Chief Executive Officer is responsible for the proper financial administration of Southend Education Trust. The Chief Executive Officer shall act within the delegated powers defined below:

Expenditure

The Chief Executive Officer be given delegated powers to authorise Southend Education Trust expenditure up to the limit of the Action Plan and Budget which has been approved by the Trustees, provided that:

1. the expenditure is as described and provided for in the approved Action Plan and budget
2. the provision for the item in question has not been overspent
3. from all other financial procedures or regulations in force time to time governing payroll, ordering, purchasing, payments, etc have been and will be followed.

And that one of the other official signatories be likewise authorised in the absence of the Chief Executive Officer provided that all such authorisations are countersigned by the Chief Executive Officer on return from absence.

Level of delegated authority

- The Chief Executive Officer is permitted to make purchasing decisions which incur costs of less than £10,000.
- The Board of Trustees will approve purchasing decisions which incur costs of over £10,000 provided always that the spend is within the agreed overall budget allocation agreed by the Trustees and reported to the Trustees on a termly basis.

Virement

The Chief Executive Officer be given delegated powers to vire funds from one part of the budget to another provided that:

1. the amount does not exceed £10,000 of the provision item from which the funds are being vired, and that it is not already overspent
2. the virement is agreed in writing with the Audit & Risk Committee
3. the virement is recorded in the minutes of the Audit & Risk Committee

III Financial regulations

The Chief Executive Officer will ensure that there are sound financial systems in place. The Chief Executive Officer will establish an accounting system appropriate to the Trust's purposes. The accounting system will maintain full separate records of the Trust's transactions.

All accounting records should be maintained in a form approved by the Chief Executive Officer. All transactions are required to be properly authorised and documented.

If accounting services are contracted out the Chief Executive Officer will sign a service level contract that sets out the conditions of service.

The affairs of the Trust are subject to audit scrutiny by the appointed auditors. An audit trail must be available for each transaction ie allowing each transaction to be tracked through the accounting system providing adequate documentary or other evidence of its probity and value for money.

Segregation of duties

The Chief Executive Officer will ensure that no one individual is able to record and process an entire transaction.

Financial oversight

The Board of Trustees will nominate one of its members to oversee financial arrangements on behalf of the Trust. The responsibilities of this member include:

- to provide ongoing assurance to the partnerships that financial management procedures are operating satisfactorily
- to provide additional monitoring controls where segregation of duties is not possible, e.g. to peruse cashbook entries, invoices and cheque books for anomalies, to review the bank reconciliation, to review tender and other purchasing procedures.

Budgeting

Annually, the Chief Executive Officer should submit for the consideration and approval of the Trustees a costed programme of activities and estimates of income and expenditure to support the Action Plan.

Projects listed in the Action Plan and the budget are lump sums. Budget holders should have the detailed analysis of costs and income that was used to build up the budget to provide a base budget so that variances and changes can be identified in the future.

Budgetary control

A variance analysis will be prepared providing explanation for variances of [10% of budget or £10,000] and be presented to the Audit & Risk Committee.

The Chief Executive Officer should report to the Audit & Risk Committee any unbudgeted spend in excess of £10,000.

The Chief Executive Officer may vire part of an approved budget to another action area provided that:

- the amount does not exceed £10,000 of the provision item from which the funds are being vired, and that it is not already overspent
- the virement is agreed in writing with the relevant Trustees
- the virement is recorded in the minutes of the Audit & Risk Committee the budgets will be updated to take account of approved virement.

No delegated budget holder shall cause or allow his/her budget to exceed his/her financial allocation without the prior approval of the Chief Executive Officer. Any income received or savings achieved additional to those budgeted, shall not, without the Chief Executive Officer's prior approval be used to finance additional expenditure.

Accounting

The Chief Executive Officer will submit the Trust's draft annual financial statements to the Trustees by 31 September following the end of the financial year. Sage Line 50 accounting package has been implemented for all accounts procedures and reports. All procedures are double checked and all responsibilities are overseen by the Chief Executive Officer. Regular Bank reconciliations are carried out.

Banking arrangements

The Chief Executive Officer is authorised to operate such banking arrangements as he/she considers necessary. All cheques will be ordered by the Chief Executive Officer who shall make proper arrangements for their safekeeping.

All cheques shall be signed by two of the five authorised signatories to the Trust's Bank Account.

Any cheques written in excess of £100,000 will be notified to the Trustees.

Purchasing procedures, authorisation and approval limits

Financial limits and restrictions will be imposed on the placing of official orders to ensure best value for money and to promote fairness and competition.

- Purchases (individual contracts or orders excluding organisation-based staff) up to and including £10,000 – no formal requirement
- Purchases (individual contracts or orders excluding organisation-based staff) from £10,000 up to and including £160,670 - obtain at least three written tenders, that represent best value for money having regard for the company's ability to meet the Trust's specification requirements.
- Purchases over £160,670 fall under EC procurement rules which requires advertising in the Official Journal of the European Community.

Purchases of goods or service from Trustees, whatever the value - the relevant Trustees will withdraw from all discussions of purchase.

Purchase of a service for which there is no competition, e.g. specialist education services. The Trustees will approve all such contracts prior to the Chief Executive Officer committing the spend. The approval will be based on the Trustees being satisfied that the service being offered provides value for money.

Write offs and fraud

The Chief Executive Officer shall take all reasonable steps to recover debt. Where debts are irrecoverable the Chief Executive Officer has authority to write off debts up to £100. Write off of any higher debt requires Trustees' approval.

All staff have a responsibility to report to the Chief Executive Officer or to the Chair of the Board any suspicion of fraud.

IV Financial procedures

Expenditure

All expenditure must be described in the Action Plan and annual budget. Any changes to the Action Plan may require a report to the Trustees and should be reported to the Chief Executive Officer as soon as the change is identified.

All orders for goods and services should be made on official order forms. Where it is necessary to place an order verbally it must be confirmed by the issue of an official order as soon as practicable. Official order forms are controlled stationery and are controlled by The Chief Executive Officer. Orders are approved subject to authorisation limits detailed above.

Where possible the person placing the order should be different from the person certifying receipt of the goods or service.

The budget holder will certify the invoice for payment once he/she is satisfied that the expenditure is supported by a valid order and evidence of receipt of the goods or service. By certifying the invoice for payment the budget holder is confirming that:

- the goods have been delivered/the service has been carried out satisfactorily
- the quantities ordered and delivered agree with that invoiced
- the prices charged are accurate and reasonable
- the order was placed in accordance with the Trust's financial regulations (ie quotation/tender procedures were followed)
- they are satisfied that everything is satisfactory.

Cheques will be prepared by the Chief Executive Officer on the basis of approved invoices supported by copy orders and goods received notes.

The Chief Executive Officer and second signatory will sign cheques that are supported by approved invoices and once they are satisfied that they represent legal payments.

Payment of grants to organisation

- Grants allocated to organisation will be supported by a letter setting out the purpose of the grant, which will be in accordance with the action plan. This letter will also establish the information the Trustees require to confirm what the grant was spent on.
- If the grant is to be used to purchase goods then the Trustees will notify the organisation whether those assets will belong to the organisation or remain in the

Trust's ownership. This definition is required to clarify which organisation should account for the asset.

Imprest accounts

The Chief Executive Officer shall make imprest accounts as he/she considers appropriate. Payments from such accounts shall be limited to minor items of expenditure, [less than £25], which do not justify invoicing procedures. All such payments should be supported by an authorised and receipted voucher.

Each officer holding an imprest account will maintain a cashbook detailing transactions through the imprest account. They will submit a periodic claim for reimbursement. Each claim should be supported by the vouchers identified above.

No income received by the Trust shall be paid into an imprest account.

Payment of employees

The payment of all remuneration and other emoluments to all employees of the Trust is the responsibility of the Chief Executive Officer.

The payroll is contracted out to Southend Borough Council. Terms of the service are set out in a service level agreement.

Income

The Chief Executive Officer shall ensure that such returns as required by the Trustees are completed promptly and accurately.

Income – business contributions

The Chief Executive Officer shall ensure that all contributions, cash and in-kind, from business and other organisations are identified and included in the Trust's accounts at a reasonable valuation.

All sponsors should be asked to provide a letter or other form of documentary confirmation of their contribution to the Trust including their valuation of the service provided.

Where in-kind contributions are provided to organisations, the Chief Executive Officer should require those organisations to keep a record of the services provided (e.g. hours spent in classrooms or on mentoring programmes).

The Chief Executive Officer is responsible for valuing in-kind benefits. The valuation will be based on the value of the service to the Trust. To support the valuation the

Chief Executive Officer will obtain comparative data, e.g. tenders, where possible and seek advice and opinions from Trust members.

Assets

The Chief Executive Officer will ensure that assets purchased are maintained securely. An inventory of all the Trust's asset will be maintained by the Chief Executive Officer.

The Chief Executive Officer will obtain Trustees approval for all asset purchases in excess of £2,500.

Assets owned by the Trust, with a value in excess of £2,500 will be capitalised, and recorded on the Trust's balance sheet. Assets will be depreciated over their useful life.

Grants paid to organisations in order to purchase assets will specify whether the asset belongs to the organisation, and therefore falls outside the above requirement, or to the Trust. Should grants be requested in the future, strict procedures will be carried out to obtain full documentary evidence to support requests.