

SRI MANAKULA VINAYAGA EDUCATIONAL TRUST-  
FINANCE POLICY

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## Finance Policy

Who is responsible	Finance & Resources Committee
Statutory policy	Yes
Review timescale	Annual



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This Finance Policy has been produced in order for the Trust's financial controls to be aligned with statutory and regulatory guidance for colleges.

## **1 ORGANISATION**

### **1.1 Trustees of the Sri Manakula Vinayaga Educational Trust (the Trust)**

Trustees (Directors) are responsible for ensuring the Trust's funds are used in accordance with the law, the Trustees' powers under the Funding Arrangements. The Board of Trustees (the Board) must appoint the Accounting Officer.

The members of the board of Trustees should also be aware of the statutory duties of Trust, as set out in the Indian Trust Act.

A register of the business interests of all members of staff is held by the Clerk to the Board and is available for inspection at each meeting. It is the responsibility of member of staff with significant financial responsibility to declare any business interests they have which require inclusion in the register. Any Trustee, or member of staff who has an interest in a business tendering for a contract, will not form part of the decision making process for that contract. No member of staff involved in awarding, managing and supervising a contract will accept gifts or hospitality from current or potential suppliers.

### **1.2 Finance and Resources Committee**

The terms of reference of the Finance and Resources Committee are laid out in the document entitled 'Governance Framework'. The committee, which is comprised of at least two thirds Trustees, will sit at least 4 times per year and its role is to:

- Review and recommend to the Board the budget strategy for the coming year
- Monitor the Trust's performance against budget and alert the Board to any significant variances
- Keep the bank mandate and banking provision under review
- Review and recommend treasury management policy to the Board
- Maintain the stability of the Trust's financial position by monitoring cash flow and ensuring the effectiveness of financial controls
- Developing the Trust's strategies for procurement and value for money



- Developing and recommending to the Board, the Trust's strategy for the management of assets (including cash)
- Overseeing the Trust's annual investments programme

### **1.3 Chairman and Managing Director (CMD)**

The CMD is responsible:

- to the Board for the financial management of the Trust

### **1.4 Academy Director/Principal**

The Director / Principal is responsible:

- for the management of his/her College's financial position at a strategic and operational level
- for the management of effective systems of internal control within his/her College

### **1.5 Local Governing Body**

Each College governing body is responsible for:

- monitoring the income and expenditure throughout the year, with reference to the budget agreed
- holding the Director to account for how financial resources are expended at the College

### **Strategic Trust Director**

The Strategic Trust Director is responsible:

- for providing information and advice on all financial related issues
- for liaising with directors, staff, other bodies and organisations as and when necessary in all areas concerning financial management
- for attending meetings of the Finance and Resources Committee and providing financial management information to them so that they can monitor income and expenditure on a regular basis throughout the year
- for providing financial management information to the Director in order to assist them to monitor their College's performance and improve the decision making process
- for reviewing and developing, as necessary, the College's finance policy
- for ensuring that the College's staff payroll is implemented within statutory regulations



- for ensuring that all financial transactions are in accordance with statutory regulations
- for ensuring that all financial staff have the necessary qualifications and training to undertake their respective tasks
- for the supervision of the Finance Manager
- for agreeing budgets with each College Director before they are submitted to the Finance & Resources Committee

#### **1.6 Finance Manager / College based Manager**

The Finance manager or College based Manager is responsible for:

- monitoring the College's financial position through the year
- providing the Director and Principal with regular financial updates and alerting them to any concerns
- setting the College's budget in conjunction with the Director and Business Director
- managing the local finance office (where this is in place)
- overseeing compliance to the Trust Finance Policy at their College
- for assisting with the operation and maintenance of College fund computer accounting systems
- for investigating, recommending and implementing changes to systems and procedures, to improve financial performance and satisfy value for money criteria
- for assisting with the operation and maintenance of the Colleges payroll
- for maintaining the petty cash account
- for managing the Finance Office
- for producing management accounts in accordance with the agreed schedule
- for overseeing purchasing and ensuring that it is compliant with the Finance Policy
- for providing direct or indirect line management to College based finance officers

In addition, the Finance Manager has the following responsibilities:

- overseeing the Trust's payroll, administration and GST returns
- ensuring all financial reporting is completed according to the agreed reporting schedule
- co-ordinating the deployment of finance staff across the Trust



- being point of contact with the Trust's appointed external auditor providing central support to finance staff across the Trust

### **1.7 Finance Officers**

The Finance Assistants are responsible:

- for processing all official order requests
- for processing all invoices
- administration of petty cash
- for processing requests for payments and raising cheques for authorisation
- for providing advice and support to budget holders on best value for money and producing financial management information
- for processing all receipt of monies and for paying in at the bank on a regular basis
- for investigating, recommending and implementing changes to systems and procedures, to improve financial performance and satisfy value for money criteria
- for maintaining the College inventory

## **2 FINANCIAL PLANNING AND MONITORING**

### **2.1 College Finance Meetings**

Each Director will meet with the Principal at least quarterly to review the College's budget and monitor expenditure. This may be delegated by the Director to the Manager where one is in place.

The Finance & Resources Committee will sit at least 4 times a year to review the Trust's consolidated financial position and individual College' financial performance as and when required.

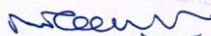
### **2.2 Budget**

Each College's Principal (or Manager where one is in place) is responsible for the preparation of the annual budget, in conjunction with the Director.

The Director will issue a detailed budget planning and approval route each year but in principal this is as follows:

1. Director/ Manager and Principal agree draft budget based on 2<sup>nd</sup> quarter management accounts
2. Each College's Local Governing Body will scrutinise and challenge this draft

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3. The Director will agree a draft budget for Trust shared services with the CMD
4. An amended draft of each College budget and the Trust shared services budget will be reviewed and approved by the Finance & Resources Committee
5. Once approved by F&R, budgets will be proposed to the Board of Trustees for final approval
6. Budgets will be submitted to the CMD by the required deadline by the Director

### **2.3 Monitoring at College Level**

The process of monitoring actual expenditure against budget is continuous. Day to day responsibility for monitoring and control lies with budget holders. The Finance Office will issue a monthly report to each budget holder detailing committed and actual expenditure.

### **2.4 Audit**

The Trust must produce fully audited Trust accounts as at the 1<sup>st</sup> October each year. The Board must appoint a Statutory Auditor, which is registered under the requirements of the Indian Trust Act, to conduct an audit in line with Accounts requirements, for charities and certify the accounts are "true and fair".

Final accounts must be published in accordance with current regulations and guidelines.

Interim audit reviews of financial and procedural matters are carried out by an Internal Auditor, according to the schedule agreed each year by the Trust's Audit & Risk Committee.

### **2.5 Reporting**

The following reports will be produced by the College based Manager or where one is not in place, the central finance office:

- Quarterly management accounts with forecasted year end outturn
- Monthly interim extract reports showing actual spend against budget

## **3 FINANCIAL ADMINISTRATION**

### **3.1 Accounting Systems**

Access restricted to the Director and Finance Team. Reduced (restricted) access may be granted to budget holders in order to process on line orders.

### **3.2 Accounting Records**

Only authorised staff are permitted access to the accounting records which are securely retained when not in use.

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Chairman and Managing Director



Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink and initialled by an authorised person. The use of correcting fluid or the erasure of information is not permissible.

All accounting records including invoices, order forms, bank statements, etc. are retained in hard copy for six years, plus the current year, in a secure area.

## 4 PURCHASING

### 4.1 General

The Trust must ensure that spending decisions represent value for money and are justified as such. An important value for money consideration is also the cost of the internal effort involved in managing the purchasing process. Significant service contracts will demand a major effort in terms of preparing specifications, drafting contracts and evaluating tenders. This effort can be greatly increased where considerations apply. Therefore, in the interests of managing the Trust's own effort and costs, it is good practice to use multi-year contracts wherever the service requirement is enduring. There are also potential advantages whereby the supplier would be prepared to invest in order to make the service provision more efficient, if guaranteed a long-term contract. It is not possible to provide universal guidance on

what would constitute an optimum period of contract. For example, market conditions can change and, during the latter period of the contract, the Trust may feel that it is paying more than necessary or conversely the supplier may feel it is no longer able to cover his costs. Neither situation is comfortable; hence, where the market is more subject to change, the period should be shorter than for more stable situations. The precise period should be agreed with the Director as early as possible. A practical default position for large, high value contracts such as cleaning, catering and grounds maintenance is to aim for a 3 year contract with priced options to extent to 5.

A large proportion of the Trust's purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

- **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;
- **Fairness**, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

### 4.2 Routine Purchasing

Budget holders will be informed of the budget available to them at the beginning of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A monthly print detailing actual expenditure against budget will be supplied to each budget holder or the budget holder will be given web access to view their budget. Budget holders are encouraged to check their budgets on a regular basis to ensure that spending is kept within the budget limits.



### 4.3 Purchasing Authority

No expenditure should be incurred or commitment entered into without formal delegated authority. A list of delegated authorities will be issued annually, once agreed by the F&R Committee.

Purchase Orders must always be signed by the budget holder and countersigned at the appropriate level, according to the following purchasing authority levels (to be reviewed annually):

No service / provision of goods contract of duration of more than 12 months can be entered into without authorisation in writing from the Director, no matter what the value of the contract.

Where the contract is for an enduring service valued above ₹10,000 per year, the Director's authorisation is necessary if it is not planned to use a multi-year contract.

All purchase orders must be priced before submission for authorisation, unless exceptional circumstances prevail in which case an explanation will be required and a best guessed estimate must be given. Purchase orders must be submitted with all quotations received, subject to the requirements outlined in 4.5

Once properly authorised, all purchase orders must be submitted to the relevant Finance Assistant, who will issue an official order.

The official order number must always be quoted.

All goods received should be checked against the order form and any missing or faulty goods should be reported to the supplier, who should either re-supply the goods or issue a credit note.

If any goods ordered on an official order form are returned, a notification should be sent to the relevant Finance Assistant, so that the commitment can be cancelled.

Staff are not permitted to obtain goods/services for private use.

### 4.4 Petty Cash

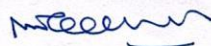
The relevant budget holder must authorise expenditure before the purchase of any goods/services, unless exceptional circumstances deem this impossible.

The maximum authorised amount for expenditure on petty cash is ₹10,000.

Any amount exceeding this limit will be reimbursed through the expense claim process.

A valid receipt should be attached to the claim form, which must be signed by the budget holder.

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Chairman and Managing Director



#### 4.5 Procurement Requirements

The above limits apply to the estimated aggregated total value of any contract whether the work falls in one financial year or is an enduring multi-year contract.

Should the selection of the "lowest acceptable offer" prove to be difficult, or in any way contentious, the matter should be referred to the Director.

Where a single supplier is successful at winning a number of different procurement contracts leading to a total in-year value the Director should be made aware and

consideration given to bringing additional scrutiny to any future procurement activity involving the same supplier.

Where a formal tendering procedure is used, all tenders must be opened at the same time, in the presence of the Director and a member of the Finance and Resources Committee.

A list of all suppliers of goods and services with invoices (in any one financial year) shall be reported annually to the Finance and Resources Committee.

#### 4.6 Leases

No Lease/Purchase agreements will be entered into without the prior approval of the Director who will report all such agreements to the F&R Committee.

#### 4.7 Payment of Invoices

All invoices should be passed to the relevant Finance Office, on receipt.

The Finance Assistant will check the accuracy of each invoice and ensures that it meets current statutory requirements, before passing to the budget holder to authorise.

Invoices must only be paid if accompanied by a purchase order approved at the appropriate level.

All cheques/ Demand Drafts payments must have a minimum of two authorisations.

Use of the Business Credit Card is restricted to Finance Staff only or other staff with prior authorisation from the Finance Manager or Business Manager. Purchases made must be in conjunction with an appropriately authorised purchase order. The Finance Manager and Director will check and sign monthly statements.

Invoices will be paid within 30 days, unless the terms of credit state otherwise. The finance staff will take advantage of any discounts available for early settlement where this is to the College's advantage.

All invoices are retained by the Finance Office for six years, plus the current year.

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Chairman and Managing Director