

SRI MANAKULA VINAYAGA EDUCATIONAL TRUST-
FINANCE POLICY



Finance Policy

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

Index of Contents		Page
1	ORGANISATION	
1.1	Trustees of the Sri Manakula Vinayaga Educational Trust(the Trust)	3
1.2	Finance and Resources Committee	3
1.3	Chairman and Managing Director (CMD)	4
1.4	Academy Director/Principal	4
1.5	Local Governing Body	4
1.6	Finance Manager / College based Manager	5
1.7	Finance Officer	6
2	FINANCE PLANNING AND MONITORING	
2.1	College Finance Meetings	6
2.2	Budget	6
2.3	Monitoring at College Level	7
2.4	Audit	7
2.5	Reporting	7
3	FINANCIAL ADMINISTRATION	
3.1	Accounting Systems	7
3.2	Accounting Records	7
4	PURCHASING	
4.1	General	8
4.2	Routine Purchasing	8
4.3	Purchasing Authority	9
4.4	Petty Cash	9
4.5	Procurement Requirements	10
4.6	Leases	10
4.7	Payment of Invoices	10
4.8	Payment of Invoices from the Self-Employed	11
4.9	Supplier Record Amendments	11
5	ASSETS	
5.1	Asset Register	11
5.2	Insurance	12
6	CHARGES AND REMISSIONS	
6.1	Resource of Funds	12
6.2	College Lettings	12
6.3	Other Fees	12
6.4	Sale of Goods	13
6.5	Bad Debts	13
6.6	Financial Support to Students	13
6.7	College Fund	13
7	BANKING AND CASH HANDLING	
7.1	Bank Facilities	14
7.2	Authorised Cheque Signatures	14
7.3	Bank Reconciliation	14
7.4	Cash Handling	14

7.5	Cashbooks	14
8	PAYROLL	
8.1	General	14
8.2	Authorised Nominees	15
8.3	Monthly Procedures	15
8.4	New Appointments	15
8.5	Contract Amendments	15

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.

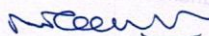
2.2 Budget

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 2nd quarter management accounts
2. Each College's Local Governing Body will scrutinise and challenge this draft

For Sri Manakula Vinayaga Educational Trust



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 1st 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

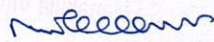
3.1 Accounting Systems

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.

For Sri Manakula Vinayaga Educational Trust


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

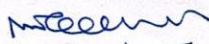
The relevant budget holder must authorise expenditure before the purchase of any goods/services, unless exceptional circumstances deem this impossible.

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.

For Sri Manakula Vinayaga Educational Trust



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.

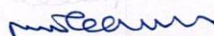
All cheques/ Demand Drafts payments must have a minimum of two authorisations.

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.

For Sri Manakula Vinayaga Educational Trust



Chairman and Managing Director

4.8 Payment of Invoices from the Self-Employed

- a. When appointing consultants, advisors, trainers, instructors or other individuals who supply services to the Trust, the employment status of the person must be determined before commissioning the work.
- b. If the person works for a Trust, and can provide a invoice on headed paper then terms of engagement should be agreed in writing. Payment will be made to the company.

If the status is confirmed as self-employed, terms of engagement should be agreed in writing and invoices must be presented with the following minimum details:

- Date of invoice
- Name and address
- Description of goods or services provided
- Agreed price

4.9 Supplier record amendments

Additions and amendments to supplier records in PSF must be strictly controlled. A 'new supplier / supplier amendment' form must be completed and authorised by the Finance Manager and counter-signed by the Director before any amendments are made in PSF. For new suppliers the form must be accompanied by the supplier's letterhead and first estimate/quotation/proposal. Bank details for all suppliers can only be supplied on company letterhead signed by the company secretary or other officer of the company. All new supplier/supplier amendment forms must be filed ready for audit accompanied by all necessary paperwork.

5 ASSETS

5.1 Asset Register

Maintenance of the equipment register in electronic format and it is overseen by the Director. It is the policy of the Trust to enter individual acquisitions with a cost greater than Rs.50,000 onto the asset register, although items of a lower value may be included. The relevant departmental head is responsible for ensuring that all equipment is marked as belonging to the College.

The Director will oversee an annual audit of the asset register which will be presented to the Finance & Resources Committee.

All disposals of equipment and other assets must be authorised by the Business Director and the Director.

All losses are reported to the Director. The Director ensures that the police have been informed, if the loss is as a result of burglary or theft, the insurance company is informed at the same time. Action is taken immediately to prevent further loss.

For Sri Manakula Vinayaga Educational Trust



Chairman and Managing Director

5.2 Insurance

It is the responsibility of the Director to ensure that the adequacy of insurance is reviewed annually and reported to the Audit & Risk Committee.

Details of all insurance policies held by the Trust are kept in the Colleges Finance Office under the control of the Director

The College immediately informs its insurers of all accidents, losses and other incidents which may give rise to an insurance claim. Claims under an insurance policy must be authorised by the Director before submission to the insurance company.

An annual return of all insurance claims is submitted to the Finance & Resources Committee, at the end of each financial year.

6 CHARGES AND REMISSIONS

No charges shall be levied on parents/carers whose children are eligible for free College meals where activities take place during College hours.

Full details of the Trust's charges and remissions policy are to be found in the Charging and Remissions policy.

6.1 Resource of Funds

College : Students Tuition Fees, Transport Fees & Hostel Fees, Interest Receipts from Statutory Deposits

Hospital: Hospital Income comes through investigations, Bed charges, Surgery charges and Insurance Schemes etc,

6.2 College Lettings

Full details of the Trust's lettings policy can be found in the Lettings Policy.

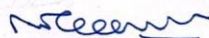
6.3 Other Fees

Charges for Other fees will be made to students for individual or small groups, except where it is provided to fulfil specified examination syllabus requirements or statutory duties relating to the national curriculum.

Parents/carers will be given an application form, together with details of the current terms and conditions. The application form should be completed and returned to the Finance Officer with the appropriate payment by the half-term prior to the term commencing the lessons.

No charge is made for those families whose children are eligible for free College meals. Other fee rates are subject to annual review by the Head of Music, in liaison with the Finance Team, based on the cost of providing the tuition.

For Sri Manakula Vinayaga Educational Trust



Chairman and Managing Director

6.4 Sale of Goods

Educational equipment or materials, incidental to the provision of education **must be sold at or below their cost price.**

An exception is sports clothing, which should be sold, inclusive of GST. When necessary, staff should seek advice from the Director.

All Money will be collected and receipted at source by a member of the Finance Team.

Those students who are receiving Other Fees can purchase their instruments, Books through the College at cost price.

6.5 Bad Debts

Bad debts are only written off when the College has followed all possible procedures to ensure their recovery.

Debts below ₹10,000 may be written off with the authorisation of the CMD.

All debts in excess of ₹10,000 must be referred to the Accounting Officer before they are written off and reported to the Finance and Resources Committee.

The prevailing Academies Financial Handbook will specify the level at which bad debt write offs must be authorised by the CMD.

6.6 Financial Support to Students

Any request for financial support for optional extra activities from a student must be made in writing from the parents/carers and addressed to the Director.

The Head of Department supporting the request should outline the expected benefits to the student as well as the amount required and duration of funding.

6.7 College Fund

It is the responsibility of the organiser to ensure that sufficient funding is available to cover the cost of all and the administration associated with it.

It is expected that all payments to the Trust will be made through the e-payments system via the College website. Collection of any cash/ cheques is to be collected by the Finance Team only.

All fund raising by students, for charitable purposes, should be paid directly to the Finance Team for banking, in readiness for payments to be made by cheque to the named charity.

All requests for payment should be accompanied by invoices, or request for payments form signed by the relevant budget holder.

All surpluses are to be used at the discretion of the Director and notified to the Finance and Resources Committee in retrospect.

The accounts are audited by an independent Auditor.

7 BANKING AND CASH HANDLING

7.1 Bank Facilities

The Trust's bank mandate is subject to annual review by the Finance & Resources Committee.

7.2 Authorised cheque signatures

All cheques will be signed by authorised members of Trust and each cheque drawn on public funds must be signed by at least one "a" signatory.

The bank has been informed that the College is not allowed to borrow funds and that no account is allowed to become overdrawn.

All accounts are interest earning accounts.

All chequebooks are held in the safe and pre-printed cheques are held in a locked cupboard. On receipt of new cheques their numbers are recorded.

7.3 Bank Reconciliation

Reconciliations are performed by the Finance Officer within five working days of receipt of a bank statement. The Director certifies the reconciliation.

7.4 Cash Handling

A receipt is issued in respect of all monies received by the finance staff. Cash and cheques are locked in a secure place prior to banking to safeguard against loss or theft. All cash is banked intact and recorded on paying-in slips. Bank paying-in slips show the split of cash and cheques.

All monies received are banked by the finance staff. Where unusually high levels of cash are received these will be banked on the day of receipt.

7.5 Cashbooks

Cashbooks are kept in a computerised format for both public and non-public funds.

8. PAYROLL

8.1 General

All overtime worked must have prior authorisation by a member of the leadership team. Overtime claims completed at the end of each month are paid with the following month's salary.

All payroll files are kept in the Finance Office. Access is restricted to the governors, Director and finance staff and payroll records are kept in a fireproof cabinet in the Finance Office. The College is registered under the Data Protection Act. Net payments

to staff are made by direct debit using the Banks Automated Clearing System (BACS). All other payments to external agencies are made by direct debit. It is the responsibility of the Director to ensure that payments are made by the required statutory dates so that no unnecessary fines are incurred.

8.2 Authorised Nominees

The College's Governing Body has authorised the following personnel as nominees to authorise supply teachers claims, overtime, casual employment and expenses claims:

- Director
- Dean
- Registrar

8.3 Monthly Procedures

The following procedures take place on a monthly basis and are performed by the Finance Officer:

- Standard forms are passed to payroll provider in respect of starters, leavers, amendments to contracts etc. These must be authorised by the CMD
- Supply claims, overtime claims and casual employment claims are summarised by the Finance Officer before being passed to the payroll provider. All claims must be authorised by the Director or Director.

8.4 New Appointments

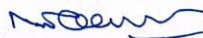
All new positions require an Authority to Recruit (ATR). For positions within the approved budget these must be signed by the Director or Manager, with the exception of management positions which also require the CMD's authority.

All new positions outside of the approved budget must be authorised by the CMD and reported to the F&R Committee.

8.5 Contract amendments

Contract amendments can be authorised by the Director or Manager as long as the amendment is within the agreed budget.

For Sri Manakula Vinayaga Educational Trust



Chairman and Managing Director