



Financial Management Policy

1 Introduction

1.1 The purpose of this policy is to ensure that Partnership London SCITT (PLS) maintains and develops systems of financial control which comply with the requirements of propriety and good financial management.

The policy is based on principles laid out in ***School Centred Initial Teacher Training (SCITT) Provider Financial Guide September 2015 (NCTL)***

The policy also take account of the relationship of PLS to Partnership Learning MAT in their role as legal entity and the relationship to St. Angela's Ursuline School as PLS lead partner.

Funding Conditions

Financial Systems

- Financial Controls comply with propriety and good financial management;
- Proper Accounting records are maintained

Budgeting

- PLS prepares a balanced budget and forecast on an annual basis

Annual accounts

- Financial statements prepared for year ending 31st August each year;
- Financial statements record PLS Accounting Policies;
- Audited financial statements presented to the PLS Governing Body by 31st December each year;

Audit

- Annual accounts must be audited by independent, registered auditors;
- Accounts and related documentation must be made available to NCTL as directed;

Insurance

- PLS trainees are covered by the public liability insurance of schools or academies where they are placed
- PLS staff will be covered by the public liability insurance of Partnership Learning and St. Angela's Ursuline School

1.2 PLS will need to comply with EFA assurance arrangements.

1.3 As a Trust, Partnership Learning is a charitable company limited by guarantee. It must comply with:

- Company Law as set out in the Companies Act 1985 (and subsequent acts);
- Charity Law and requirements of the Charity Commission and Statement of Recommended Practice (SORP) – *Accounting and Reporting by Charities*. The key stipulations of the Charities SORP are to produce annually a set of audited accounts and a Governors' report in a prescribed format.

1.4 Register of Gifts and Hospitality

PLS must maintain a Register of Gifts and Hospitality and all gifts received over the value of £25 must be entered into the register detailing:

- Date
- Name of company/person issuing gift
- Description of gift
- Name of recipient
- Approximate value

2 Organisation

2.1 PLS Financial structure

| Role | Main responsibilities |
|----------------------------|---|
| Governing Body | <ul style="list-style-type: none"> • To oversee PLS financial operations and ensure viability • To have a strategic vision and strategic understanding of the financial development of PLS, both medium and long-term planning • To have feedback from PLS Directors and PLS Accounting Officer at every meeting • To have a clear overview of PLS finances |
| Accounting Officer | <ul style="list-style-type: none"> • Ensure that all working practices are in line with government guidelines, good practice and legal definition. • Has an oversight of funding usage, assets, equipment and staffing, ensuring best value and efficient and effective usage. • Setting appropriate priorities for expenditure, allocating sufficient funds and ensuring effective administrative control • To ensure all funding intended for the SCITT is used only for the SCITT. |
| SCITT Directors | <ul style="list-style-type: none"> • To ensure, with Finance Officer, that the budget is always on track and that future budget planning is in place and PLS is compliant with all ITT legislation • To oversee Administration Teams including all aspects of financial management • To ensure purchases are made through the appropriate systems • To ensure all cheques are co-signed by responsible budget holder |
| Finance Director | <ul style="list-style-type: none"> • The Finance Officer will be responsible for overseeing and producing the accounts of the SCITT, as a separate entity to the legal entity • Ensuring all SCITT financial procedures are in line with statutory guidance • Ensuring all aspects of the SCITT finances fit 'best value' practice • He/She will have ensuring all contracts and procurement meet procurement regulations and give best value |
| Finance Officer | <ul style="list-style-type: none"> • He/She will have responsibility for all contracts and procurement • To track and maintain ledgers for all payments and income • To ensure payments owed to PLS are processed on time • To send letters, reminders and if required solicitors letters to all defaulters |
| Management Board | <ul style="list-style-type: none"> • Ensuring all aspects of PLS financial systems are transparent to all partners • Having an overview of PLS financial position |
| Operational Board | <ul style="list-style-type: none"> • To discuss any fee changes that PLS may make from time-to-time to partner schools • To have feedback from all stakeholders on fees paid an tuition charges levied |
| Administration Team | <ul style="list-style-type: none"> • The Administration Team will carry out all duties as directed by the SCITT Directors that will ensure the smooth day-to-day running of the SCITT. • This will include monitoring of UCAS systems, arranging selection days and maintaining on-going contact with all SCITT partners. |

2.2 Role of the Governing Body

2.1 The Governing Body has wide discretion over its use of the PLS funds, which it should “discharge reasonably and in a way that commands broad public support”. It is responsible for the proper stewardship of those funds, including regularity and propriety, and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money.

2.2 The Governing Body and Management Board should meet termly in order to discharge their responsibilities under the Grant Funding Arrangement (GFA)

2.3 Financial terms of reference for The Governing Body of PLS

(a) The approval of the annual budget including the delegation of the budget responsibilities to budget managers that including the authorisation of any sums in excess of £50,000

(b) The regular, at least termly, monitoring of actual income and expenditure against each budget and revised forecast for the year in the format.

(c) Reviewing reports by the Accounting Officer as to the effectiveness of the financial procedures and controls.

(d) Responsibility for the implementation and management of an effective system of internal controls that are consistent with the requirements set out in the Grant Funding Agreement.

2.4 Role of the Accounting Officer

2.41 The Accounting Officer will assure high standards of probity in the management of public funds including ensuring all monies are spent for the purposes intended by Parliament, in this instance teacher training.

2.42 Have high standards of conduct, behaviour and corporate governance/

2.43 Ensure value for money within PLS objectives through the effective use of resources and the avoidance of waste and extravagance.

2.5 Role of the Finance Director

a) Will advise the Governing Body and PLS co-directors on the discharge of their responsibilities under the GFA, and satisfy it that all the terms and conditions of the GFA are complied with;

- b) ensure the efficient, economical and effective management and distribution of funds paid by the NCTL to the Provider, including capital assets, equipment, and staff;
- c) ensure the introduction and maintenance of sound financial controls in respect of funds paid by the NCTL to PLS
- d) seek to ensure that financial considerations are taken fully into account in reaching decisions on management of the Provider scheme, and in their execution;

2.6 Role of the Finance Officer

- a) He/She will have responsibility for all contracts and procurement
- b) To track and maintain ledgers for all payments and income
- c) To ensure payments owed to PLS are processed on time
- d) To send letters, reminders and if required solicitors letters to all defaulters
- e) To ensure partner schools are paid in timely fashion and that a clear audit trail is maintained by invoicing for all payments out and all monies coming into PLS
- f) To maintain a sound working relationship with the Student Loan Company
- g) To ensure all bursaries are paid in a timely fashion
- h) To be very proactive in informing PLS co-directors of any financial issue that may impede the smooth day to day operation of PLS
- i) To have to hand all relevant financial information that is up to date and ready for reporting to:
 - PLS co-Directors
 - Finance director
 - Accounting Officer
 - The PLS Management Board
 - The PLS Governing body

2.7 Role of the PLS co-Directors

- a) To ensure, with Finance Officer, that the budget is always on track and that future budget planning is in place and PLS is compliant with all ITT legislation
- b) To oversee Administration Teams including all aspects of financial management
- c) To ensure purchases are made through the appropriate systems
- d) To ensure all cheques are co-signed by responsible budget holder

- e) To use information from the finance officer to prepare termly reports for the PLS governing body that would include;
- Cash flow projections
 - Income
 - Expenditure

2.8 Income generation

Any fees and charges should be determined in accordance with annex 6.1 of HM Treasury's *Managing Public Money*

2.8 Exit planning

In accordance with NCTL guidelines for good financial practice PLS should have a maintained and updated exit plan to ensure;

- a) An orderly and smooth transition of the grant funded activities from the Provider to a successor body or the NCTL at the expiry or termination of the Grant;
- b) the continuation of grant funded activities;
- c) that there is no undue favour to the Provider in any future competition for the Grant (in whole or in part); and
- d) that the responsibilities of both parties to the Grant Funding Agreement are clearly defined in the event of expiry or termination.

2.9 Internal Control framework

It is important that PLS has a clear and transparent internal finance control framework and this will include;

- co-ordinating the planning and budgeting processes;
- applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties;
- preparation of timely monthly management accounts, including income and expenditure reports on an accruals basis, cash flow forecasts and balance sheets as appropriate;
- ensuring that delegated financial authorities are respected;
- effective planning and oversight of any capital projects;
- the management and oversight of assets;
- the propriety and regularity of financial transactions;
- reducing the risk of fraud and theft;
- ensuring efficiency and value for money in the organisation's activities; and
- a process for independent checking of financial controls, systems, transactions

2.10 Register of Business & Pecuniary Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make.

To avoid any misunderstanding that might arise all PLS Governors and staff with significant financial or spending powers are required to declare any financial, pecuniary, governance or any other relevant interests they hold. Declaration of Business & Pecuniary Interests is a standing item on the agenda of all PLS Governing Board meetings

3 Accounting System

3.1 PLS will have effective procedures that ensure all transactions are accurately recorded, reported and monitored against plans/budgets and the following key areas will have total transparency where applicable

- Accounting System
- Assets
- Purchasing
- Income
- Bank and Building Society Accounts
- Cash holdings

3.2 All the financial transactions of PLS must be recorded on Partnership Learning Trust's Financial System.

System Access

- 3.3 Entry to PS Financials accounting software is password restricted and the Finance Director is responsible for implementing a system which ensures that passwords are changed at appropriate periodic intervals.
- 3.4 Access to the component parts of the Trust's finance system can be suitably restricted. The Finance director sets appropriate access levels for all members of staff using the system. Staff user details will be maintained and updated in a system user logbook.

Back-up Procedures

- 3.5 The Finance Director is responsible for ensuring that there are effective back up procedures for the finance system. This requirement is met through the resilient cloud-based record-keeping system provided by PS Financials.
- 3.6 PLS Co-Directors have prepared a risk assessment policy

Transaction Processing

- 3.7 All transactions input to the accounting system must be authorised in accordance with the procedures specified in these regulations.

- 3.8 All journal transfers must be recorded in the journal file and authorised by the Finance Officer prior to being input to the accounting system. Bank transactions input by PLS administration teams should be checked and reconciled by the Finance Officer whilst carrying out the monthly reconciliation.
- 3.9 Detailed information on the operation of the finance system can be found in the PS Financials user manuals. If a query cannot be resolved with reference to the user manual, the system helpdesk can be contacted directly.

Transaction Reports

- 3.10 The Finance Officer will obtain and review system reports to ensure that all transactions are posted correctly to the accounting system. The reports reviewed will include:
- Audit Sample Reports – review strength of audit trail supporting system entry and adjustments;
 - Management Accounts – summarize income and expenditure against budget;
 - Cash Flow Reports – summarize actual cash position against planned cash flow position;

Reconciliations

- 3.11 The Finance Officer is responsible for ensuring the following are reconciled each month:-
- Purchase Ledger control account;
 - Sales ledger control account;
 - Payables control account
 - Receivables control account
 - Bank Balances – reconcile between cash book and bank statements
 - Trial Balance Reconciliation
- 3.12 The Finance Officer is responsible for ensuring that any unusual or long outstanding reconciling items must be brought to the attention of the Accounting Officer. The Accounting Officer will review and sign all reconciliations as evidence of review and the Chief Finance Officer will log in a reconciliations file.

4 Financial Planning and Income management

- 4.1 PLS will manage its own cash position and avoid going overdrawn

4.2 The PLS budget plan and cash flow forecast will clearly define and document the determined income from all sources and these will need to be checked against the original Grant Funding Letter

4.2 Any non-grant income will need to be quantified as accurately as possible for inclusion in the PLS budget. All income should be included in regular budget reports to the PLS Governing Body

4.3 Forecasts at the start of each new financial year will include worst, mid and best case scenarios based on evidence of the previous year's recruitment figures

4.4 Balancing the Budget

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring developmental projects until sufficient funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of PLS further development.

4.5 Bank Account

4.51 The opening of all bank accounts should be authorised by the PLS Governing Body or equivalent, who should set out, in a formal memorandum, the arrangements covering the operation of accounts. This should include transfers between accounts and cheque signing arrangements

4.52 The Accounting Officer and the PLS Governing Body will designate named budget holders who will be responsible for the PLS account and can sign cheques to the value of £3000

4.53 All cheques under £3,000.00 must be signed by two authorised signatories

4.54 All cheques over £3,000.00 must be approved by the Chair of PLS Governors and or Accounting Officer

4.55 PLS should make its bank fully aware that the account cannot be allowed to be overdrawn

4.56 Deposits

Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:

- The amount of the deposit;
- A clear reference, such as the receipt number, or the name of the debtor;
- A completed paying in template;

4.57 Administration

The PLS finance officer must ensure that bank statements are received regularly and filed sequentially in a dedicated file and communicated to the Finance Director. The Finance Officer is responsible for undertaking bank reconciliations at least on a monthly basis. Reconciliation procedures must ensure that:

- Reconciliations are prepared by the Finance Officer;
- All bank accounts are reconciled to the PLS cash book;
- Reconciliations are subject to a monthly review carried out by the PLS co-directors and/or accounting officer
- Adjustments arising are dealt with promptly;
- Due consideration is given to PLS cash flow position to mitigate the risk of a deficit position

4.58 Petty Cash

In the interests of security, petty cash payments should not exceed £50. Higher value payments should be made by cheque or BACS directly from the PLS bank account. Payments must be authorised by the PLS co-directors. If the payment is a refund to the PLS co-directors, another authorised signatory must authorise the payment.

5 Segregation of duties

| Activity | Detailed Task | Responsibility |
|------------------------------|--|-----------------|
| Placing orders | Requisition orders (must be filled in fully) | Admin team |
| | Responsible for placing official orders in the system | Admin team |
| | Responsible for authorising & printing orders in the system | Finance Officer |
| | Responsible for signing orders after they have been printed off | PLS Directors |
| | Responsible for sending orders out to suppliers after they had been checked & signed | Finance Officer |
| Deliveries | Responsible for checking delivery against order | Admin team |
| | Responsible for returning and/or exchanging goods in case of errors | Admin team |
| Invoices and payments | Responsible for processing invoices in the system | Admin team |
| | Responsible for authorising invoices | PLS Directors |

| | | |
|--|---|---|
| | Responsible for printing cheques after checking the authorised invoices | Finance Officer |
| | Authorised signatures on cheques (2 signatures minimum) | Accounting Officer and authorised persons |
| Maintaining Accounting Records | Maintain accurate records at all times ready for reporting | Finance Officer |
| Reconciliation and Control of bank account | Ensuring bank account is run well and never overdrawn | Finance Director |

5.1 Purchasing and procurement

Purchasing procedures have been put in place to ensure that the SCITT follows the fundamental principles of probity, accountability and value for money.

PLS is careful to apply the principles of best value for money by using known supplies with proven capacity to provide quality, quantity and timely delivery at a competitive price.

Non-order invoices are discouraged as much as possible.

E-purchasing or telephone orders should always be authorised beforehand and supported by an issue of an official order.

PLS Directors are responsible for the management of their budget account within the limit of their budget and in relation to the Continuous Improvement Plan. All staff need to be aware that expenditure is committed when an order is placed on behalf of the SCITT, not when the cheque is requested. Therefore, it is important that all orders are placed properly, and are within agreed budgets and delegated powers.

Orders must be placed in writing. The Finance Officer will devise appropriate ways of keeping records of their orders. Suppliers must be requested to produce invoices. If payment is needed on or before delivery or no credit is given, a 'pro-forma' should be provided.

All invoices must be authorised for payment by the Finance Officer, although the actual checking of details may be delegated. The Finance Officer is responsible for checking invoices for accuracy in terms of figures and conformity with the order placed, that the services or goods have been received, and following up any problems. PLS Directors must be informed if there are queries delaying authorisation or if payment is to be withheld for any reason

6 Statement of Accounting Policies

The PLS Board of Governors approves this Statement of Accounting Policies for inclusion in the Annual Accounts:-

Basis of Preparation

- 6.1 The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission's '**Statement of Recommended Practice: Accounting and Reporting by Charities**' (Charities SORP 2005'), the **Academies Accounts Direction** issued by the Education Funding Agency and the **Companies Act 2006** schedule 4 part 1. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.
- 6.2 The financial statements are prepared under the historic cost convention and in accordance with prevailing accounting standards.

Going Concern

- 6.3 The Board of Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Board of Governors make this assessment in respect of a period of one year from the date of approval of the financial statements and in conjunction with the PLS exit plan

Incoming Resources

- 6.4 All incoming resources are recognised when the Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants Receivable:**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

- **Donations:**

Donations are recognised on an accruals basis, where there is absolute certainty of receipt and the amount can be reliably measured.

- **Interest Receivable:**

Interest Receivable is included in the statement of financial activities on a receivable basis.

- **Other Income:**

Other income is recognised in the period it is receivable and to the extent the goods have been provided or upon completion of service.

PLS Bad Debt Policy

Wherever possible, income due will be collected before a relevant service is provided, but in the event that invoices raised by PLS are unpaid, the following procedure will apply.

1. Debt Management

In the event of an invoice being unpaid the following steps will be taken (timings are intended for guidance purposes only, depending on individual circumstances):

1. Three weeks from date of invoice – first reminder
2. Six weeks from date of invoice - second reminder
3. Nine weeks from date of invoice - final reminder
4. The final reminder will be sent by recorded delivery and threatens legal action if the account is not settled within 14 days
5. After the 14 day period, if a debt is still outstanding, legal action will be considered and the debtor will be informed of this in writing
6. The debt may be referred to Legal Services, where appropriate; and
7. Legal action will not be taken for debts under £50, as this is considered uneconomic

2. Writing - Off Debts

Where debts are found to be irrecoverable, or where the cost of further steps for recovery is prohibitive, debts may be written off by the PLS Governing body where the debt does not exceed £100.