

**PRISM Independent School**

**Financial Management Policy &**

**Financial Controls Policy &**

**Office Finance Policy &**

**Reserves Policy**



**Financial Management Policy**

**Trustees and Management Committee**

The Trustees of PRISM Independent School are responsible in law for ensuring the solvency and financial probity of the PRISM Independent School. The Trustee all are members of the Management Committee.

Under the Trust Deed, the Management Committee has the duty to exercise overall control of the policy and general management, including the financial affairs, of the PRISM Independent School. The committee delegates day-to-day financial matters to the staff team.

**The Management Committee**

1. Meets at least once a quarter and holds an AGM of the Charity;
2. Ensure that the administration and activities of the PRISM Independent School are at all times within the law and within the aims & objects of the charity;
3. Sets an annual budget and monitors income & expenditure against the budget;
4. Considers quarterly finance reports and monitors the Charity’s cash-flow;
5. Assesses the projected performance for the year, revising the budget where necessary;
6. Ensures that the accounts are examined annually by a chartered accountant and that a compilation report of the accounts and a Trustees’ annual report are prepared in accordance with charity law;
7. Carries out financial forward planning and ensures that the PRISM Independent School has a programme of fundraising and income generation aimed at maintaining the Charity’s financial security;
8. Ensures that the most effective use is made of the Charity’s income, including any money not required for immediate expenditure;
9. Ensures that all income due to the Charity is received and monitors the procedures relating to its trading activities;
10. Ensures that grants and fees from the city council and other bodies are used according to the terms of the grant agreement;
11. Ensures that the Charity does not take on any obligations which it may be unable to meet;
12. Oversees internal systems of financial control to ensure that they are both rigorous and observed by the staff team.

The Management Committee as a whole is responsible for the Charity’s financial affairs and there is appointed Treasurer. Committee members receive basic training in financial forward planning and reading financial reports and accounts. Committee members may at any time arrange to examine the Charity’s financial records or discuss financial or fundraising issues with staff.

**Staff team**

The staff team is responsible for day-to-day financial matters and must adhere to the attached Financial Rules. The Charity’s workload is divided into a number of areas of work (projects). The staff teams are projected specific. The core management and administrative staff cover the workload on the team basis.

The Finance Officer has overall responsibility for overseeing day-to-day financial matters and records and for financial reports. The Finance Officer is directly responsible to the Management Committee and attends each quarterly meeting to present reports, as well as liaising regularly with the Executive Head teacher and core management and administrative staff team.

**The Finance section**

1. Prepares records of staff wages and makes tac and national insurance payments to the HMRC;
2. Keeps full records of income & expenditure and monitors stock and debt control;
3. Monitors the Charity’s financial performance, including doing a monthly bank reconciliation and trial balance;
4. Prepares the necessary budget recommendations and detailed financial reports, including cash-flow analysis and projected out-turns, to enable the Management Committee to exercise effective control;
5. Prepares financial returns for individual project and any other financial reports required by the Management Committee to carry out its duties;
6. Prepares the annual accounts for audit;
7. Maintains a register of the charity’s assets;
8. Arranges insurance to cover employer’s and public liability and risks to equipment and stock (SMT).

**Staff Floats**

The Charity does not hold Pretty Cash but a number of staff hold floats. Each float is account for on QuickBooks and, in total, they are included in the cash and bank section of the annual accounts.

**The Development & Fundraising section**

1. Write reports and recommendations on the development of the Charity’s work for discussion by the Management Committee and prepare the 3-year rolling programme of work;
2. Prepares estimates of expenditure and funding targets for the three year ahead;
3. Investigates and follows up all appropriate sources of funding, including local and national government, charitable trusts and businesses;
4. Provides monitoring information and reports, including financial information, to funders and to the Management Committee.

**Financial Rules**

1. Where relevant, expenditure must relate to funders’ grant criteria;
2. To reclaim staff float expenditure all receipts must be itemised, attached to claim, signed and dated by staff member and countersigned by a member of the senior management team;
3. All invoices must be approved by one of the senior management team;
4. Cheques under £1,000 may be signed by any two cheque signatories;
5. All cheques over £1,000 must be approved and signed by one Trustee and once other cheque signatory.



**Financial Controls Policy**

1. **Introduction** 
   1. This policy has been written to meet the needs and reflect the controls procedures of PRISM Independent School,
   2. This policy was agreed by the trustees, at a meeting dated 23 Feb 2010 and will be reviewed annually and/or when there are changes in law or better ways of managing and controlling our finances are identified.
2. **Purpose**
   1. Financial records will be kept so that PRISM Independent School can:
3. Meet its legal and other obligations, e.g. Charities Act 1992, HMRC and common law.
4. Enable the trustees to be in proper financial control of PRISM Independent School.
5. Enable PRISM Independent School to meet the contractual obligations and requirements of funders.
6. **Scope**

3.1 This policy applies to all trustees, staff, volunteers, consultants and any other acting on behalf of PRISM Independent School

1. **Policy Statement**
   1. PRISM Independent School will manage the financial resources of the charity in a way that reflects good governance, best practice and promotes confidence in our users, funders, supporters and the general public.
   2. To fulfil our aspiration the processes and procedures outlined below must be followed at all times.
2. **Process and Procedures**
   1. PRISM Independent School will keep proper books of accounts, which will include:
3. A cashbook analysing all the transactions in PRISM Independent School’s bank account(s).
4. A pretty cash book if cash payments are being made.
5. HMRC’s deduction cards P11.
   1. The financial year will end on the 31st August each year.
   2. Accounts will be drawn up after each financial year within five months of the end of the year, approved by the trustees and presented to the next Annual General Meeting.
   3. Prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year.
   4. A report comparing actual income and expenditure with the budget will be presented to the trustees every three months.
   5. The AGM will appoint an appropriately qualified auditor to audit the accounts for presentation to the next AGM.
6. **Banking** 
   1. PRISM Independent School will bank with Yorkshire Bank. The account will be held in the name of PRISM Independent School. The following account will be maintained:
7. Prism Independent School Current Account
   1. The bank mandate (list of people who can sign cheques on the organisations behalf) will always be approved and minuted by the trustees, as will all the changes to it.
   2. PRISM Independent school will require the bank to provide statements every month and these will be reconciled with QuickBooks on a monthly basis and the treasurer will spot check that this reconciliation has been done at least twice a year, signing the bank reconciliation accordingly.
   3. PRISM Independent School will not use any other bank or financial institution or use overdraft facilities or loan without agreement of the trustees.
8. **Receipts (income)**

7.1 All monies received will be recorded promptly on QuickBooks and banked at least once per week or without delay if the total income exceeds £500 (note this includes sundry receipts such as payment for telephone calls, photocopying etc.). PRISM Independent School will maintain files of documentation to back this up.

1. **Payments (expenditure)**
   1. The aim is to ensure that all expenditure is on the charity’s business and is properly authorised and that this can be demonstrated. This latest approved budget provides the cheque signatories with authority to spend up to the budgeted expenditure, not beyond it.
   2. The Administrator (or identified person) will be responsible for holding the chequebooks (unused and partly used chequebooks) which should be kept under lock and key.
   3. Blank cheques will NEVER be signed.
   4. The relevant payee’s name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.
   5. No cheques should be signed without original documentation (see below).

1. **Payment documentation**
   1. Every payment out of PRISM Independent School’s bank account will be evidenced by an original invoice (never against a supplier’s statement or final demand). That original invoice will be retained by PRISM Independent School and filed. The cheque (or Yorpay payment) signatory should ensure that it is referenced with:
2. Cheque number
3. Date cheque drawn
4. Amount of cheque
5. Who signed and authorised the cheque/Yorpay payment.
   1. The only exceptions to cheques not being supported by an original invoice would be for such items as advanced booking fees for a future course, deposit for a venue, interpreter charges, etc. here a cheque requisition form will be used and a photocopy of the method of payment kept.
   2. Wages and Salaries. There will be a clear trail to show the authority and reason for EVERY such payment; e.g. a Yorpay/cheque requisition, asking for payment to an employee, HMRC payments, etc. All employees will be paid within the PAYE, National Insurance regulations.
   3. All staff appointments/departures will be authorised by the Managing Director, minuting the dates and salary level. Similarly, all changes in hours and variable payments such as overtime, etc., will be authorised wither by the trustees or the Senior Management Team who will update the trustees at their next meeting.
   4. Pretty cash will always be maintained on the imprest system where by designated personnel are entrusted with a float as agreed by the trustees.

The current maximum level of a member of staff’s float should not exceed £500.

When that is more or less expended, a cheque will be drawn for sufficient funds to bring up the float to the agreed sum, the cheque being supported by a complete set of expenditure vouchers, totalling the required amount, analysed as required.

1. **Expenses/allowances**
   1. PRISM Independent School will, if asked, reimburse expenditure paid for personally by staff, volunteers and trustees or other personnel acting on its behalf and where reimbursement has been agreed, providing:
2. Fares are evidenced by tickets.
3. Other expenditure is evidenced by original receipts.
4. Car mileage is based on HMRC scales.
5. No cheque signatory signs for the payment of expenses to themselves.
6. The person making the financial commitment should not sign the cheque or authorise the payment.
7. **Cheque signatures**
   1. Each cheque will be signed by at least two people.
   2. A cheque must not be signed by the person to whom it is payable.
   3. A trustee must be one of the signatories when a payment is to be made in excess of £1,000.
8. **Business Cards**
   1. The trustees have approved a business card facility for payments to be made up £5,000 in any one month.
   2. The business card facility has two named users.
   3. Business cards are to be used for booking flights, paying for accommodation abroad etc. for residential purposes.
   4. Personal purchases should never be made with PRISM’s Business Card.
   5. The expenditures for which the card is use should follow the same approval process as cheques.
   6. Should there be any breaches in its security or the card is lost or stolen, the bank should be notified in line with the issuing terms and conditions.
9. **Reserves Policy**
   1. PRISM Independent School will seek to have in reserve 15% - 50% in accordance with PRISM’s reserves policy. Additionally, it will add to its reserve sufficient funds to cover the cost of any redundancies and a deposit for a legacy purchase, such as office premises.
10. **Other undertakings**
    1. PRISM Independent School does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, the financial consequences of which are, prima facie, likely to exceed in total £5,000, must be authorised and minuted by the trustees. In exceptional circumstances, such undertakings can be made with the Chairperson’s approval who will then provide full details to the next meeting of the trustees. (This covers such items as the new service contracts, office equipment, purchase and hire).
    2. All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of PRISM Independent School with the prior approval of the trustees or in urgent situations the approval of the Chairperson who will provide full details to the next trustee’s meeting.
11. **Other rules**
    1. PRISM Independent School will adhere to good practice in relation to its finances at all times, e.g. when relevant it will set up and maintain a fixed asset register stating the date of purchase, cost, serial numbers and normal location. Additionally PRISM Independent School will maintain a property record of items of significant value, with an appropriate record of the use.

Signed on behalf of the trustees

**Position:** Chairman

**Name:**

**Signature**

**Date:**

**Position: Treasurer**

**Name:**

**Signature**

**Date:**



**Office Finance Policy**

Please note that the following policy will be applicable to all staff employed by the PRISM Independent School

All financial books, files and work are confidential to the Finance/Administrator and the Executive Head teacher. This includes staff salaries.

If any members if staff have any queries regarding personal finance, these should be discussed with the Executive Head teacher.

All salaries are paid out on the 14th of each month, to allow payment to reach banks, building societies by the 21st of each month.

All cheques are authorised by the Director or other agreed members of the SMT.

Extra hours completed in a month will be paid in the following months salary, but only when previously agreed with your line manager. Otherwise all extra hours will be taken as toil within three months.

Cheques will only be issued twice monthly (15th & 28th) except in extreme and unavoidable circumstances.

Request for the pretty cash float must be made three days prior to the above dates and in writing.

All pretty cash refills will be made with a personalised cheque.

All re-imbursements or mileage claims will be paid by cheque, unless discussed differently.

Individual tax queries should be made directly with Inland Revenue. Their number is 01274-205253.



**Reserves Policy**

Under the requirements of Charity Law, the Trustees and Directors of the Board of Management of PRISM are obliged to define the Charity’s policy for holding reserves. The intention in establishing this reserves policy for PRISM is to secure the continuation of the Charity’s activities. The policy will:

* Preserve the viability of the Charitable Company
* In doing so, underwrite existing services against periods of deficit enable the Charity to meet its legal objects
* Pump prime developments of the organisations services
* Provide confidence to supporters and donors seeking to give financial support to a prudently controlled charity
* Ensure that, consistent with objects, mission statement and values of PRISM, proper ethical consideration be afforded to all matters of any future investments.
* Ensure that the reserves are at a level sufficient to discharge all the Charity’s obligations should the Charity cease its operations

**Level of Reserves**

PRISM undertakes to preserve a level of reserves that are neither restricted nor designated at not less than 15% of its annual expenditure and further undertakes to limit the level of reserves that are neither restricted nor designated to a figure of not more than 50% of its annual expenditure PRISM has a range of legal and moral responsibilities to funders of its services, to those who use its services, as well as contractual commitments to employees. Within this service.

The reserves will ensure PRISM is able:

* To meet contractual liabilities should PRISM have to close.This includes redundancy pay, amounts due to creditors and any commitments under leases.
* To meet unexpected costs like break down of essential office machinery, staff cover re illness, maternity leave, parental leave, and legal costs defending the charities interest.
* Replace expensive equipment as it wears out.
* Ensure that the charity can continue to provide a stable and quality service to those who need them. Within this context to minimise recruitment, staff training, staff induction and marketing costs by avoiding the need for redundancies caused by financial crisis.
* Provide working capital for funding applications where funding is paid in arrears and therefore place the charity in a position where it could bid for which can be paid up to 12 months in arrears.

From time to time funding has certain restrictions which mean that by law it must be held in a restricted reserves until it is spent in line with the funding agreement.

**Steps to Establish the Reserves and Investment Policy**

Historically the Charity has not generated reserves. The Board of Trustees, in its duties under Charity and Company Law, considers the appropriate use to which such reserves should be applied.

To maintain appropriate levels of reserves the PRISM Board of Trustees has agreed that:

* Any legacies, which have no restriction placed upon them by the terms of their donation, are considered to be general reserves.
* Capital commitments and expenditure plans are examined and funds required to finance such may be removed from general reserves as necessary for the attainment of its broad objects; funds may, from time to time, be designated for specific purposes.
* Any year end surplus will be designated into the reserves up to a maximum of 50% on PRISM’s budget forecast.

**Monitoring and Reviewing the Policy**

PRISM Board and Trustees has agreed that:

* Day to day operational responsibility for the implementation of this policy is vested in the Executive Head Teacher.
* Monitoring is undertaken, on a 6 monthly basis by the Finance Director as a delegated body of the Board of Trustees.
* The policy is subject to at least an Annual Review by the Board of Trustees and the members at the Annual General Meeting of the Company.