

ELTHAM COLLEGE

FINANCE AND GENERAL PURPOSES COMMITTEE

STANDING INSTRUCTIONS AND TERMS OF REFERENCE

1. Introduction.

1 The Eltham College Finance and General Purposes Committee ('FGPC') is a sub-committee of the Eltham College Governing Body and reports to that Board.

1.1 FGPC has no decision making authority other than that delegated by the Board in specific circumstances or otherwise and the Board will determine the matters considered by the FGPC, as set out in these Terms of Reference or otherwise.

2. Standing Instructions.

2.1 The Chairman of FGPC is elected by the Board amongst the elected and co-opted members of the Board. The Chairman of FGPC will automatically be deemed to have resigned as Chairman of FGPC if:

2.1.1. He/she ceases to be a member of the Board.

2.1.2` He/she resigns in writing to the Chairman of the Board.

2.1.3 The Board elects a new Chairman of FGPC.

2.2 The ordinary voting members of FGPC shall be nominated from amongst the elected and co-opted members of the Board by the Board, and there will normally be between three and nine serving on FGPC at any one time. A quorum for FGPC shall be three. The Head and the Bursar are in attendance at FGPC meetings but do not have a vote. The Chairman and Vice Chairman of the Board are ex-officio members of FGPC.

2.3 The secretary of FGPC will be the Bursar.

3. Duties & Responsibilities of FGPC.

The list of matters to be considered by FGPC consists of certain standing items and others which will be laid down by the Board from time to time. The Chairman of the FGPC may also put other matters he considers relevant on the FGPC agenda but the Chairman of the Board retains the right to delete any such item from the agenda or to transfer it to the consideration of another committee of the Board.

The FGPC will report back to and advise the Board on a regular basis on the matters which it considers and in respect of any decisions taken by FGPC under authority delegated by the Board.

- 3.1 The standing items for FGPC are:
 - 3.1.1 Financial procedures for the management of Eltham College and any subsidiaries, associated bodies etc., monitoring of compliance and internal audit. The current internal financial controls are attached to these Terms of Reference as appendix A.
 - 3.1.2 Overseeing and reviewing published Annual Report & Accounts, and other financial information / reports prior to presentation to and approval by the Board, ensuring compliance with statutory requirements e.g. Companies, Charities Acts.
 - 3.1.2 Scrutiny of routine financial reports and budget proposals, including fees. Presentation of financial reports, budgets to the Board for noting or approval as required.
 - 3.1.3 Monitoring investments and interest earning accounts and the routine money management of the main account to include the treasury function, other banking and insurance matters.
 - 3.1.4 Selecting a short list of the appointment of auditors at least once every five years and organising the selection process.
 - 3.1.5 Liaison with the auditors and consideration of management letters from them before these are reported to the Board.
 - 3.1.6 Advising on the financial implications of proposals regarding the levels of salaries for school employees, covering new employees, annual and interim reviews etc.
 - 3.1.7 Monitoring outstanding fees and other debtors.
 - 3.1.8 Funding arrangements for any capital expenditure, long-term financial planning and overall financial strategy.
 - 3.1.9 Management arrangements for all major capital expenditure projects.
 - 3.1.10 Keeping under review the use, maintenance and development of Eltham College's buildings and estate, ensuring they are up to a satisfactory standard and used to support the College's strategic objectives; monitoring and promoting good relationships with Planning Authorities and other bodies, to facilitate this process.
 - 3.1.11 Other matters to be considered by the Committee are laid down by the board from time to time.

Appendix A**ELTHAM COLLEGE****INTERNAL FINANCIAL CONTROLS****1. Accounts**

- a) All transactions are recorded in the appropriate ledgers as they occur and supporting vouchers kept for every transaction.

2. Organisation and Management

- a) The day-to-day management of the school is in the hands of the Head and Bursar. The ledgers, record books and chequebooks, are kept by the Bursary staff. The signatories are the Bursar, the Assistant Bursar, the Chairman of the Board and the Chairman of the FGPC.
- b) The Bursar has the delegated authority to authorise all expenditure provided for in the annual budget or specifically authorised at a meeting of the Board.
- c) The management of the school investments is supervised by the FGPC.
- d) Professional advice is obtained for all revaluations.
- e) The Bursar is responsible for advising trustees about their legal responsibilities and for the circulation of all necessary advice from the Charity Commission. Governors should sign a declaration acknowledging their responsibilities.

3. Budgets

The proposed budget for the following year is presented to the meeting of the Board in time to give parents a full terms notice for increase in fees. Management reports of income and expenditure against budget are made to each meeting of the FGPC.

4. Security of Income Received

- a) All incoming post is opened in the Bursary and any income is recorded. Little income in the way of cash or uncrossed cheques is received and it is therefore considered unnecessary to ensure that this is done in the presence of two people.
- b) Any income that is received by post is immediately passed to the Bursary Assistant and a receipt is issued for cash or uncrossed cheques. The Bursar is responsible for ensuring that a record is kept of all income received by post.

5. Banking and Custody Procedures

- a) All income is banked in the appropriate Bank account at least once per week.
- b) Any cash used as "Petty Cash" is drawn out of the bank and accounted for accordingly and not taken out of income received.
- c) Monthly bank statements are checked and reconciled against the ledger by the Assistant Bursar and subsequently checked by the Bursar, evidenced by his signature.

6. Expenditure

- a) Invoices are checked against orders and against deliveries, by the budget holder.

- b) Payments are only made against original invoices (or copy invoices where the original is not available) and not against statements.
- c) Invoices are only paid if approved in writing by the budget holder and the Bursar and Headmaster are responsible as appropriate for ensuring that expenditure is within budget.
- d) Material expenditure outside budget, other than in an emergency, will not be contracted for until reported to and approved by the Board, following consideration wherever practical by FGPC.
- e) On occasions material expenditure outside budget may need to be incurred which due to its urgency or timing of Board / FGPC Meetings, cannot be approved before it is contracted for ('Emergency' expenditure).
- f) Emergency expenditure will be approved between the Bursar, Headmaster, Chairman of the Board and Chairman of FGPC, or as many of them as are available within the timeframe necessary to take action.
- g) The level of Emergency expenditure approved and incurred will be the minimum necessary to deal with the emergency. Subsequently any further expenditure will be subject to normal approval processes.
- h) With regard to items 6d to 6f, the Bursar and Headmaster will judge what is material, having regard to the need to inform the FGPC and Board as soon as possible of expenditure, which because of its size or nature, is likely to be of interest.
- i) Special additional provisions apply to purchases relating to capital expenditure, and these are attached as appendix B.
- j) Replacement of staff, academic and support, may be approved by the Headmaster and Bursar.
- k) All additions to staff numbers will be approved by the Board.

7. Payment by Cheque or BACS

- a) Chequebooks are kept safe when not in use. Access is restricted to the Bursary staff.
- b) All Cheques require two signatures, being any two of the Bursar, the Assistant Bursar, the Chairman of the Governing Body and the Chairman of FGPC.
- c) All BACS payments are prepared by the Assistant Bursar or Bursary Assistant and authorized by the Bursar prior to payment, evidenced in writing by his signature, and are subject to the routine checking by the Chairman of FGPC.
- d) Petty Cash Account - To be operated on the imprest system with a maximum of £5,000 in the account.
- e) Blank cheques may never be signed, whatever the circumstances.
- f) Stubs and vouchers must be completed when a cheque is prepared and it must be entered in the ledger at the same time. This entry must always include the cheque number.
- g) Money may be transferred between the School's bank accounts on a single authorised signature or by electronic transfer.

8. Payment by Cash

Payments are not made by cash, other than through petty cash, and these will be of only nominal value.

9. Fixed Assets

A list of all fixed assets is maintained by the Bursary and their physical presence is checked by the Budget Holder at least once per annum. The Bursar is responsible for ensuring appropriate insurance cover is maintained at all times.

Appendix B**ELTHAM COLLEGE****CAPITAL EXPENDITURE PROCEDURES****General**

1. Special procedures need to be applied to purchases relating to capital expenditure, due to the potential high value of such expenditure and its strategic or long-term impact. Such procedures are additional to any other Internal Control Procedures established by the Board or FGPC.
2. Capital expenditure is any expenditure creating a fixed asset in the statutory accounts of Eltham College or associated company / body.
3. In the context of these Capital Expenditure Procedures, reference to the Board applies to any other body or individual giving approval under authority set out in the Procedures.
4. The Board should consider capital expenditure when initially proposed and subsequently on a regular basis whilst plans are developed and projects are implemented.
5. The Board should consider capital expenditure proposals in the context of the College's long term development plans and educational needs. In this context planned capital expenditure projects should be prioritised and discussed in principle prior to expenditure approval being required. An appropriate business case with clear recommendations should be presented to the Board in respect of each proposal, and prior to that business cases should be presented to the FGPC for initial evaluation. The business case presented to FGPC should initially be presented at as early a stage as possible, and include details on alternative options, impact on cash flow / funding and all relevant matters. Subsequently regular updates should be provided to FGPC prior to the finalisation of proposals to the Board.
6. All expenditure should be approved by the Board prior to commitment. This applies to any expenditure be it related to feasibility studies, professional advice, tendering, main contract costs, increased estimates etc., other than professional fees of up to £5,000 for preliminary appraisals. Thus any increases in proposed expenditure should be approved whether related to progressive stages in a project's development or due to unforeseen changes in estimates, circumstances etc. The circumstances requiring further approval should be specified when giving initial approval. E.g. a contingency sum could be included in the expenditure approved or a % flexibility in outturn specified.
7. Approval procedures need to encompass emergency capital expenditure.

8. Given the size, complexity and one-off nature of many projects, appropriate professional advice and support should always be engaged. Where possible suppliers, including Architects, Project Managers, Contractors etc., should be those used successfully previously, recommended by reliable contacts and/or proposed by other project participants.
9. Competitive prices should be obtained for all capital expenditure, including formal tenders, in a manner appropriate to the size, nature and urgency of each project. FGPC should satisfy itself with the tendering or equivalent arrangements for each project.
10. These procedures should provide a structure within which projects can be approved and delivered in a manner which maximises the prospects that they provide value for money and are delivered on time and within budget, whilst providing sufficient flexibility for emergency work and not leading to undue delay.
11. Where appropriate capital assets should be replaced on a cycle related to their economic life and depreciated over a period no longer than the replacement cycle.

Categories of Capital Expenditure and Related Procedures

12. 'Routine Capital Expenditure' such as ongoing refurbishment of premises, replacement of machinery or vehicles, academic equipment within the Academic Fund etc will be included in the annual budget. Procurement within the approved annual budget will be delegated to the FGPC in respect of individual items costing £10,000 or more or the Bursar or Headmaster as appropriate in respect of items costing under £10,000.
13. The annual budget will clearly identify items / categories of Routine Capital Expenditure such that the Board is clear that this expenditure is not subject to its further approval unless outside budget. The Routine Capital Expenditure budget will include contingency for items not specifically identifiable at the time of presenting the budget, but which will be approved and procured during the year within this category.
14. 'Minor Capital Expenditure' is any capital expenditure which is not Routine or Emergency Capital Expenditure, and estimated to cost under £25,000.
15. Such Minor Capital Expenditure will be approved by the Headmaster and Bursar up to the limit of £25,000, and then subsequently signed off by the FGPC.
16. 'Major Capital Expenditure' is any capital expenditure which is not Routine or Emergency Capital Expenditure, and estimated to cost £25,000 or more.
17. Such expenditure will be approved by the Board.
18. 'Emergency' Capital Expenditure is any capital expenditure which due to its urgency cannot initially be approved within the other categories described above.
19. Emergency capital expenditure will be approved between the Bursar, Headmaster, Chairman of the Board and Chairman of FGPC, or as many of them as are available within the timeframe necessary to take action.

20. The level of emergency capital expenditure approved and incurred will be the minimum necessary to deal with the emergency. Subsequently the project will be subject to approval within the relevant other category of capital expenditure.