

CONVENT OF THE SACRED HEART SCHOOL FOUNDATION FINANCIAL REGULATIONS

Approved by Convent of the Sacred Heart School Foundation, Board of Governors on 9th October 2008

Policy Statement

So that all officers concerned may have access to and be guided by clear articulate financial procurement procedures.

Definition of clauses

In this policy unless the context otherwise requires or it is otherwise expressly provided:

"The Board of Governors" means, the Board of Governors of the Convent of the Sacred Heart School Foundation;

"The Finance Committee "means the Sub-committee on Finance having the composition and function as described in Article 60 of the "Instrument of Government of the Convent of the Sacred Heart School Foundation;

" The Superior, "the School," "the Heads of School," " the Bursar" have the same meaning as defined in page 2 of the Instrument of Government of the Convent of the Sacred Heart School Foundation.

Roles and Responsibilities

The Board of Governors

The Board of Governors is responsible to:

- a) formulate all financial policies;
- a) appoint external auditors and approve audited accounts;
- b) approve all significant contracts;
- c) approve the provider of insurance and banking services;
- d) ensure that all the above are in line with the Statute of the Foundation.

The Finance Committee

The Finance Committee is responsible to:

- a) discuss and review the Financial Policies of the Foundation bi-annually and submit suggestions to the Board of Governors;
- b) submit quotations to the Board of Governors who will determine which consultants are to be engaged for the particular expenditure;
- c) draft the annual estimates for income and expenditure in collaboration with the Heads of School and the Bursar and submit to the Board of Governors for approval.

The Bursar

The Bursar is responsible for:

- a) maintaining the financial procedures;
- b) implementing the Foundation's financial policies;
- c) monitoring the budget and proposing any corrective action necessary for discussion to the Finance Committee;
- d) presenting to the Finance Committee any changes, additions or deletion of existing procedures;
- e) maintaining an effective system of internal financial control, ensuring detailed financial procedures and system as well as segregation of duties and internal checks coupled with the proper documentation to support this system;
- f) ensuring that sufficient records are maintained to show and justify the Foundation's transactions and provide a financial position of the Foundation at any time;
- g) liaising with the external auditors of the Foundation.

The Administrator

Will ensure that all conditions and specifications of purchases made or ordered have been satisfactorily fulfilled. He will be responsible for timely follow-up of these purchases as well as the duties and responsibilities, of a financial nature, as outlined in his Contract of Employment.

The Clerical Support

Will apply procedures as instructed by the School Bursar and as outlined in the **Operating Procedures for financial transactions**

Operating Procedures for financial transactions

1. Financial duties and responsibilities should, as much as possible, be segregated so that no one employee has sole control over cash receipts, disbursements, payroll, reconciliation of bank accounts, etc.
2. Employees involved with financial procedures shall, as much as possible, take vacation or leave of 5 consecutive work days each year. During such periods, back-up personnel who have been cross-trained in their duties will perform their tasks.
3. The detailed procedures are as follows:

CASH and CHEQUE RECEIPTS

I. CASH DISBURSEMENTS

- a . Cheque Authorisation
- b . Cheques
- c . Bank reconciliations

II. PURCHASING

III. PAYROLL

- a . Time sheets
- b . Payroll
- c . Payroll taxes and statistics

IV. CONSULTANTS

V. PLANT, PROPERTY and EQUIPMENT

VI. LEASES

VII. INSURANCE

VIII. BOOKS OF ORIGINAL ENTRY

IX. BUDGETS

X. LOANS

XI. OTHERS

- a . Minutes of meetings
- b . Audit
- c . Personnel files

I. CASH and CHEQUE RECEIPTS

1. All cash (excluding donations) and cheques will be submitted to the School Bursar by the School Secretaries or Clerk or Accounts Clerk.
2. School donations in cash shall not be accepted by the School Secretaries but shall be immediately referred to the School Bursar.
3. All cheques or cash received as donations will be formally acknowledged through a numbered receipt and recorded in the **accounting donations system** by an accounts clerk. All other cheques or cash will be listed in a **deposit book**. The deposit book will include the source and amount of the receipt as well as the total deposit amount.
4. The accounts clerk will record each payment received in cash in a **cash receipt book**. Cash shall be locked in a secure location until verified and added to the deposit.
5. The cheques and cash of the deposit will then be forwarded to an accounts clerk who will verify amounts and complete deposit slips in duplicate. The clerk will endorse all cheques with the rubber stamp "Placed to the credit of the account of the Convent of the Sacred Heart School Foundation". Receipts and deposit slips signed by the School Bursar will be placed in an envelope for deposit.
6. Once the deposit is ready for the bank the School Bursar will contact the security service base to inform them. The School Bursar will be available

when deposit is collected by the Security Officer. All deposit envelopes are to be endorsed by the School Bursar and the Security Officer. The Security Officer will assume full responsibility for deposit envelopes at this point. The Bursar will file all copies of receipts chronologically.

7. The School Bursar opens any mail addressed to the School Bursar Convent of the Sacred Heart School Foundation or without specific addressee

II. CASH DISBURSEMENTS

A. CHEQUE AUTHORISATION

1. All invoices will be forwarded to the School Bursar who will review all invoices for accuracy, validity, conformity to the budget, or other board authorisation if the item had not been budgeted for.
2. Prior to payment, all invoices will be approved (indicated by initialing and date of approval) by the School Bursar who will code the invoice with an appropriate expense or other chart of accounts line item number, class and job number (where applicable). By approving an invoice, the School Bursar indicates that it has been reviewed by the School Bursar and is authorising the invoice for payment.
3. Approved invoices are listed by date of approval by the Bursar and forwarded to the accounts clerk for payment. Only invoices approved by the School Bursar are to be processed for payment. The Bursar may, at times, obtain verbal confirmation from the Heads in respect of items purchased by the Heads or by their representatives.
4. The Accounts Clerk will prepare cheques on a weekly basis. These cheques are submitted to the Bursar for checking against invoices and signature.
5. Authorised signatories on Convent of the Sacred Heart School Foundation accounts include the Chairperson of the Board of Governors, a member of the Board of Governors and the School Bursar.

B. CHEQUES

1. All cheques, including payroll cheques (with the exception of direct deposit payroll items) will be signed by the School Bursar or designated members of the Board of Governors. Two signatures are required for cheques where the amount is €4,600 (Lm2,000) or more.
2. Cancelled cheques will be crossed and attached back in cheque book.

C. BANK RECONCILIATIONS

The School Bursar will be responsible to reconcile the banks statements on a monthly basis.

III. PURCHASING

1. All purchases must be approved by the School Bursar and a **Requisition Order** is to be raised by the School Bursar or the Heads for all purchases.
2. The School Bursar is responsible to ensure that the item ordered is within the budget and guidelines.
3. In respect of items required for *immediate purchase* these may be authorised by the Heads if the item is below €120. In such instances the Heads have to inform the Bursar and the invoice is to be accompanied by a Requisition order or a delivery note, duly signed.
4. In respect of other purchases required directly by the Heads, the Requisition order must be approved by the Heads themselves and then sent to the School Bursar for processing.
5. Unless requested directly by the Bursar, services rendered to the school must be approved by the respective Heads and signed invoice sent to the School Bursar.
6. At least two quotations are to be obtained for expenditure over €2,300.
7. Expenditure over €23,000 requires Board approval. The Finance Committee will submit its recommendation to the Board of Governors who will determine if consultants are to be engaged for the particular expenditure and if a public tender is to be issued.
8. The Administrator will be responsible to ensure that all conditions and specifications of the order have been satisfactorily fulfilled and will be responsible for timely follow-up of this expenditure.

IV. PAYROLL

A. TIME SHEETS

1. At the end of the month, completed time sheets, dated and signed by the employees will be submitted to the School Bursar and endorsed by the person to whom they are directly answerable.
2. Payroll cheques will only be issued against a completed time sheet.
3. Employees will be paid every month, deductions are itemised on each pay slip.
4. An accounts clerk will prepare a list of employees on sickness leave prior to commencement of payroll preparation.
5. The School Bursar shall keep a record of leave of Maintenance, Domestic and Finance Administration staff.

B. PAYROLL

1. The School Bursar will enter payroll in the Payroll System, make direct deposit transfers, print payroll reports and send reports to the bank and the Church Secretariat for Education and Culture. An accounts clerk will write out the payroll cheques.
2. The School Bursar will review the payroll slips before they are distributed.
3. The Cheques will not be issued to any person other than the employee without written authorisation from the employee.
4. The School Bursar is responsible for entering payroll reports into the accounting system.

C. PAYROLL TAXES & STATISTICS

1. School Bursar will prepare and transmit the payroll reports, ETC forms, FS3, FS5, FS7 and all other required data by the State departments.
2. The School Bursar will verify payroll tax preparation on a quarterly basis.
3. The School bursar will be responsible to prepare the schedules, statistics and all other required data by the Education Department, ETC, NSO and other State departments and the Church Secretariat for Education and Culture.

V. CONSULTANTS

1. Consideration will be made of internal capabilities to accomplish services before contracting external consultants.
2. Written contracts clearly defining work to be performed, terms and conditions will be maintained for all consultancy and contract services.

VI. PROPERTY, PLANT, and EQUIPMENT

1. All items defined as fixed assets shall be recorded individually at cost. In the case of donated items, a cost will be attributed where appropriate.
2. The School Bursar will maintain an inventory log which shall list a description of the item, date of purchase or acquisition, price and its location.
3. The Heads and the supervisor of the domestic and maintenance personnel will, on an annual basis, submit to the Bursar a list of items under their responsibility.
4. The Administrator will regularly update the inventory for all furniture, fixtures and equipment in the school and auditorium. The Administrator is to be advised of any fixed asset that is disposed of (sold or scrapped).

5. The School Bursar will record all property in the accounting system. An entry must be made whenever an item is disposed of or acquired.

VII. LEASES

1. The Finance Committee will review leases prior to submission to the Board of Governors for approval.
2. All leases, clearly delineating terms and conditions, will be approved by the Board of Governors and signed by the School Bursar.
3. The School Bursar will keep a copy of each lease agreement on file.

VIII. INSURANCE

1. Reasonable, adequate coverage will be maintained to safeguard the assets of the Foundation. Such coverage will include property and liability, worker's compensation, and other insurance deemed necessary.
2. The School Bursar will carefully review insurance policies before renewal.

IX. BOOKS OF ORIGINAL ENTRY

1. The Bursar will maintain accounting records on the accrual basis in a manner that facilitates the preparation of audited financial statements conforming to generally accepted accounting principles and IFRS's.
2. A Statement of Activities report including a comparison to the budget is to be issued quarterly and submitted to the Finance Committee.
3. The School bursar shall prepare data which is deemed necessary for audit purposes.
4. It will be the responsibility of the School Bursar to insure that all financial reports regarding the budget are submitted on a timely basis.

X. BUDGETS

1. The School Bursar, after consultation with the Heads will submit the annual financial budget to the Finance Committee by the end of July.
2. The Finance Committee will discuss the draft budget and then submit it to the Board for approval by the end of September.
3. The Board of Governors will submit the budget to the Society for approval.

XI. LOANS

The Board of Governors will seek the approval of the Society for loans over €23,000 for capital expenditure purposes.

XII. OTHER

A. MINUTES OF MEETINGS

The Secretary of the Board of Governors shall advise the School Bursar of any matters relating to Finance discussed during Board meetings.

B. PERSONNEL FILES

1. The School Bursar will maintain a personnel record for each employee.
2. The School Bursar shall fill all the necessary forms related to recruitment and termination of all employees.