



Financial Procedures Policy

Reviewed	Date of Next Review	Responsibility
October 2024	October 2026	Head of Finance

Our Mission:

'To enable young people to live and work without barriers'

Our Values:

- **Teamwork** – we hold ourselves and each other to account and are better when we work together
- **Compassion** – we act with trust, honesty and kindness in everything we do
- **Inclusion** – we treat each other fairly and with respect
- **Innovation** – we encourage thoughtful, creative and aspirational ideas
- **Pride** – we encourage each other to be proud of who we are and what we do

1. Introduction and Background

As a registered Charity, Fairfield (also known as Fairfield Farm Trust) must be governed in accordance with the Articles of Association which sets out the objects of the Charity, and the powers under which it can be administered.

The Board of Trustees (the Board) duty is to act in the interests of the beneficiaries (students/residents) and in accordance with the Charity's governing documents. The Board has delegated management and operations to the CEO, Principal and the Senior Leadership Team (SLT) but the Board remains responsible and ultimately accountable for ensuring that the organisation is effectively managed and operates within agreed policies, the law and its budget.

Internal financial controls are essential checks and procedures that help the Board:

- meet their legal duties to safeguard the charity's assets
- administer the charity's finances and assets in a way that identifies and manages risk
- ensure the quality of financial reporting, by keeping adequate accounting records and preparing timely and relevant financial information

For the charity to achieve its aims then the Board need to ensure that assets are properly used, that its funds are spent effectively, and its financial affairs are well managed.

Internal financial controls reduce, but do not eliminate, the risk of losses through theft and fraud, bad decisions, human error, breaches of controls, management override of controls and unforeseeable circumstances. Internal financial controls reduce the risk of those things happening. If they do happen then internal financial controls should also help the Board to find out sooner and take necessary action. Some controls may also help a charity achieve good value for money.

The Board are together responsible for establishing, implementing and monitoring Fairfield's internal financial controls and should make a collective decision on what controls are needed.

It is a duty of the Board to ensure that the charity's resources are protected in order that the Fairfield can fulfil its aims. It is important that all those working in the charity whether trustees, staff or volunteers take the issue of internal financial controls seriously. Internal financial controls are just one part of a charity's overall control framework. These internal financial controls aims are:

- to protect the charity's assets
- to identify and manage the risk of conflicts of interest, loss, waste, bribery, theft or fraud
- to ensure that financial reporting is robust and of sufficient quality; and
- to ensure that the trustees comply with charity law and regulation relating to finance

The Financial Procedures Policy has been formally adopted by the Board.

The Head of Finance is responsible and accountable for the day-to-day financial administration, reporting directly to the CEO.

2. Security and Information Governance

Employees within Finance have access to highly confidential (both company and personal) information. Finance, in line with all other staff require an enhanced Disclosure and Baring Service (DBS) check to undertake their role at Fairfield. Any individual who has a conviction for fraud will be assessed as unsuitable to work within Finance.

Finance staff will ensure that all records – whether electronic or hard copy – are retained in a secure and appropriate manner with access granted only to those who require it in order to perform their role. Finance will operate a clean-desk policy. Failure to comply with any matters relating to security and/or information governance may be treated as a disciplinary matter.

3. Income and Sales Ledger

The Charity's principal funding sources are fees from the Education and Skills Funding Agency (ESFA) and Local Authorities (LA) for educational and residential care services. Other funding is generated through sales in the charity's pub, animal centre, rental income, fundraising, donations and investment income. LA's are responsible for commissioning and funding the major part of education and social care costs for students with learning disabilities.

Invoices raised for all income, including the recharge of direct expenses incurred, will be issued as required, preferably on a monthly basis for cash flow purposes.

Budget Holders (BH's) must pass information relating to prospective or received income to the finance team with full details, the cheque or remittance advice as soon as possible.

4. Cash Handling and Receipt

Cash received in other departments must be recorded on the day of receipt and passed to Finance to be held in a secure place or otherwise agreed place until deposited at the bank. Banking should take place on receipt or, at a minimum, every week. All income will be posted to the relevant sales/accounting ledger.

Cash held in offices/property/by individuals should be kept to a minimum and must be held in a secure manner, as a minimum in a locked draw or cabinet with the key held elsewhere.

5. Petty Cash

Petty cash is to be used to reimburse small items (not greater than £30) of expenditure and the management of this will be the responsibility of a nominated person. They must ensure the following:

- Monies are used appropriately
- Expenditure is correctly documented
- The tin and contents are stored securely
- That sufficient cash remains available for the needs of the department, and to notify Finance with at least two working days' notice when more money is required
- It is reconciled monthly, as a minimum

Ideally, all transactions will have a receipt, although in some instances this may not be possible or practicable. In these circumstances, the onus is on the nominated person to check that the transaction is a legitimate business expense. The Head of Finance will determine the appropriate level of float.

Misuse of petty cash or the inability to provide satisfactory evidence of transactions may be treated as a disciplinary offence.

6. Collection and Credit Control

Payment for invoices may be received by cheque, cash, standing order (SO) or by Direct Bank Transfer, the preferred method.

It is the responsibility of the Head of Finance to oversee the pursuit of any unpaid amounts in a timely manner and take all possible steps to recover any amounts outstanding, as per the policy below:

Debtor Type	Invoice Date (based on 30-day terms)		
	+30 days	+60 days	+90 days
LA's/Social Care	Email	Further calls & emails	Contact the Commissioner
Student Parent/Family	Phone or email	Further calls & email	Letter
Commercial (usually 14-day terms)	Email when due, follow up by phone (+7 days)	Formal Letter	Collection/Court
Trainees	Phone or email	Further calls & email	Letter

All contact should be recorded to enable information/payment agreements to be quoted back during follow up if required. Invoices that remain unpaid after 90 days require agreement for further action as agreed with the CEO.

7. Bad Debts and Write Offs

Significant bad debts and other write offs may only be undertaken in line with Delegated Authorities, after consultation and agreement in the quarterly Finance & Commercial Committee meeting. Small adjustments and minor bad debts can be written off by the Head of Finance, monthly after discussion with the CEO.

- a) <£5000– Head of Finance in consultation with the CEO
- b) >£5000 – Trustee (Finance and Commercial Committee)

8. Donations

Donations may be received from a variety of sources; including via the post, handed in or through online donation portals. They may be in cash, cheque or bank transfer.

All donations must be brought to the attention of the finance team, who are responsible for recording all receipts. Finance is responsible for appropriately accounting for the income. Finance will notify the CEO of any donations.

The CEO will then ensure appropriate communication to the donor, delegating where appropriate.

Donations will be assumed to be for the general use of Fairfield, unless there is a specific request for restricted use.

Wherever possible, donors will be asked to complete a perpetual Gift Aid Declaration and Finance will reclaim the tax in a timely manner after the tax year end. Fairfield will also make a claim against the Gift Aid Small Donations scheme.

9. Ordering Supplies and Services

All Employees have a duty to ensure value for money of any purchase of good or services made. This may not necessarily be the cheapest option, although price will have an impact on the decision, but must also include factors such as quality, post purchase service and support and reliability. Fairfield's tendering procedure must be followed by BH's as per the levels stated below:

- a) <£5,000 – minimum of 2 quotes to secure best value
- b) £5,001 - £15,000 - minimum of 2 quotes and approved by the CEO/SLT
- c) >£15,000 – at least 3 quotes required and then approved by CEO/SLT
- d) >£20,000 – at least 3 quotes required and then approved by Trustees

If there is a conflict of interest with ordering from a particular supplier, approval should be sought from the CEO before proceeding. Working within the SORP 2015 regulations any material transaction, that falls within the category of 'related party transactions', will need to be disclosed in the notes to the statutory accounts.

Authorisation must be sought prior to placing an order on behalf of Fairfield, and not when the payment is requested, or an invoice is received. All purchase orders (PO's) must be entered onto the PO system and appropriately authorised by an individual with the delegated authority to do so. Suppliers must be requested to produce invoices. If payment is needed on or before delivery or no credit is given, the supplier should provide a proforma invoice.

Authorisation for all orders for goods or services are governed by the agreed Delegated Authorities.

Any lease, hire purchase agreement or other contract involving expenditure will be subject to the same authorisation procedure as above, based on the annual amount of the contract.

10. Purchase Ledger and Payment Authorisation

The Purchase Ledger is operated by Finance who are responsible for checking invoices for accuracy in terms of figures and conformity with the purchase order raised, the BH checks that the services or goods have been received and follow up any queries.

All incoming invoices must be passed to Finance as soon as possible after they arrive. Invoices will be recorded in the Purchase Ledger on Sage no later than one week of receipt. All invoices received will be matched, where applicable, to the authorised purchase order before payment is actioned.

The preferred payment method is BACS. Ideally, payment terms should be a minimum of 30 days from end of month following date of invoice. Two supplier payments runs will take place each month – around the 15th and the last working day of the month

Direct Bank Transfer schedules will be reviewed, authorised and payments made by the Head of Finance and one other authorised person

11. Bank Current Account, Online Banking and Debit Cards

Fairfield's bankers are Lloyds Bank PLC, Account Number 00735271, Sort Code 30-99-13

Arrangements are subject to review, in the light of what is most advantageous in terms of cost and service. All changes are to be authorised by the Board.

Debit Cards are issued with the following non-cash spending limits per day:

- CEO/Principal <£5,000
- Head of Finance <£5,000
- Director/BH <£500

Cash can be withdrawn at £700 per day by the Head of Finance and the CEO.

All receipts and payments will be recorded in the accounting system within two working days. The current bank account will be reconciled at least monthly, but ideally weekly.

12. Payments by Direct Debit, Standing Order and Direct Bank Transfer

All direct debits (DD) and SO mandates are required to be set up in line with the current Bank Mandate. Finance is responsible for checking all are in line with notifications from the recipients and that SO's are cancelled in line with agreed contract payment schedules. Direct Bank Transfer (DBT) these include payments by Bankers' Automated Clearing Services (BACS) which clear on the third day and Faster Payments (FP) which generally are received into the payee's account within the hour.

13. Cheque Payments

Cheque payments **should only be made** when there is no alternative method available. Cheque signatories will be in line with the current Bank Mandate. New signatories must be approved by the Board before the bank is notified of any addition/change.

Cheque signatories are responsible for ensuring that the expenditure has been authorised by the appropriate person before signing the cheque and to not sign cheques which are payable to themselves or those not fully completed i.e. blank.

14. Purchases via the internet

It is frequently quicker, easier and more cost effective to make purchases directly from the internet. This is acceptable providing that:

- Whenever possible, payment is made by DBT against an invoice.
- The purchase is aligned to the delegated authority limits and is still subject to the PO process prior to purchase.

- Invoices, which are frequently emailed to the purchaser, are forwarded to Finance upon receipt.
- Payment may be made via a Fairfield Corporate Multipay Card. Guidelines for use of these cards can be found in the Credit Card Policy

15. Payroll

Fairfield operates a PAYE system using Sage Payroll, overseen by the Head of Finance.

All individuals working for Fairfield, whether permanent or temporary, must provide a P45, or sign a P46 or student exemption certificate. In addition, all individuals will be required to provide proof of residency and proof of right to work in the UK. Failure to supply these documents will result in the individual not being paid and may result in termination of their employment contract.

All salary payments will be made by DBT to clear on the 28th day of each calendar month or the nearest working day before that date. All contract changes and new starters must be updated in the HR system by 18th of the month or payment could be held over until the following month.

Any claims for additional paid time worked over and above contracted hours will be processed via the HR system and must be authorised by the relevant manager and/or BH by the 18th.

The salary payment schedule will be checked and authorised by 2 signatories which include the CEO, Principal and Head of Finance. The Head of Finance is responsible ensuring the payroll system is administered in a timely and effective manner and that:

- Employees are paid in accordance with the approved terms and conditions, and issuing payslips
- The PAYE system encompasses the required records, including P45s and P60s, and communication with the tax office as appropriate
- The correct deductions are made for Income Tax, NI, pension contributions, court orders and any other appropriate deduction authorised
- These deductions are paid to the correct body, and all statutory returns generated and made
- The Statutory Sick Pay and Statutory Maternity Pay schemes are administered as required
- Accurate and timely payments of deductions are made to HMRC, Pension Providers and the Courts to meet statutory deadline dates and monthly and annual returns to appropriate bodies
- The P11d is prepared and submitted if required
- Payroll is accounted for within the financial ledger by posting a monthly journal

Any overpayment of pay, however arising, will be reclaimed in full, from the individual. The Head of Finance, in consultation with the CEO may agree to a payment plan for the return of amounts due, providing that all repayments are made within 12 months of the error occurring and the Employee understands that payment is due, immediately and in its entirety, on termination of employment regardless of reason. In these circumstances, employees will be required to sign a loan agreement.

On termination of a contract for any reason any recent training will also be deducted from final pay as per the Employee Handbook.

16. Payment of Expenses

Fairfield has an Expenses Policy which applies to all employees and the Board.

All expense claims must be entered on the expenses section of the HR system, then checked for accuracy and authorisation by the Employee's Line Manager.

Any claims authorised by the claimant themselves or those not supported by a receipt will not be paid and may be treated as a disciplinary matter.

Expense payments are made by Direct Bank Transfer via the purchase ledger or with salaries. Only one expense claim per person will be paid per month.

Any expenses paid to a Trustee will be disclosed in the annual statutory accounts.

17. Contractors

All contractors will be deemed to be independent, and they will only be taken on when authorised in accordance with delegated authorities. Freelance contractors will be treated as self-employed, and any contracts must clearly indicate this.

Payment will be made via the Purchase Ledger and not via Payroll.

18. Value Added Tax (VAT)

Fairfield operates under partial exemption rules, so invoices are to be entered depending on whether they are for commercial purposes or are exempt allowing Sage to generate a VAT return without external adjustment. This will ensure easier compliance with HMRC guidelines for digital returns.

19. Investments and Deposit Bank Accounts

Fairfield currently holds a medium to long term investment portfolio which is managed by Rowan Dartington via Cleeve Planning. Further details can be found in the Fairfield Investment Policy

Fairfield also holds cash assets in a range of deposit accounts as follows:

- Lloyds 32 Day notice account
- Lloyds 95 Day notice account
- Flagstone Cash Deposit Service which allows investment in a range of accounts from instant access to 2-year fixed deposits

Authorised signatories on these accounts are in line with the current Bank Mandate and/or as detailed in the Investment Policy.

20. Fixed Assets

Fixed assets provide an economic benefit to the charity on an on-going basis that is for more than one reporting period through their ability to generate income or contribute to furthering Fairfield's charitable objectives.

Fairfield defines a fixed asset as a purchase or gift which provides ongoing benefit to the charity where the purchase price, including non-recoverable VAT, exceeds £1,000. A Fixed Asset Register will be maintained and is the responsibility of the Head of Finance. The Capitalisation Policy gives more detailed guidance.

21. Insurance

It is the responsibility of the Head of Finance to ensure that the organisation has sufficient insurance cover for Employers Liability, buildings and other asset insurance, in consultation with the SLT.

22. Accounting Records

Fairfield's accounting records will be kept using Sage Intacct and, Sage Payroll or any other accounting system as deemed appropriate. Audit trail information and supporting evidence will be held in accordance with legal document retention guidelines with a preference for electronic storage.

As a minimum, the following records will be kept:

- appropriate control accounts (including bank and petty cash)
- a fixed asset register
- purchase ledger and sales ledger accounts
- cash book and associated day books

All documents entered into the computer system will be clearly initialled by the person entering it, along with date and accounts reference. All income/expenditure information will be recorded within five working days. Any adjustments should be processed using documented journals and authorised if required.

Sales invoices with purchase order details/supporting information in document order. Purchase Ledger invoices and bank statements will be filed in the appropriate date order, with any supporting documentation. All petty cash vouchers, cheque stubs etc. will be retained for internal audit and for statutory purposes.

For the avoidance of doubt, financial records may be held electronically or in paper copy - it is not necessary to retain both although controls over retention times and security remain the same.

23. Budgets and Forecasts

Draft Income and Capital Expenditure budgets are prepared by the Head of Finance in consultation with the CEO, SLT and BH's. The Head of Finance will advise on income and expenditure based on known annual costs and historical data from the prior year. This ensures that budgets are set fairly, efficiently and on time. Final approval by the Board will be in July each year, before the start of the financial year under consideration with an update agreed by Trustees in mid-way through the financial year.

The approved budget will be used as a base to construct a cash-flow forecast for the year, which will be updated monthly as part of the management accounts.

Following approval of the budget by the Board it will be identified as the Baseline Budget against which outcomes will be measured. The budget can be reforecast by the Head of

Finance, taking into account actual transactions, large exceptional purchases and other changes in circumstances, if required by the Board.

Ordinarily any unused budget cannot be carried over by BH's.

24. Financial Monitoring and Audit

Management Accounts are produced on at least a quarterly basis and presented to BHs for discussion and analysis. Reports are prepared on an accruals basis, showing actual Income and Expenditure (I&E) against budget, including any variance against the pro-rated budget. After production of the Management Accounts for a particular period, Sage will be locked to prevent further posting to that period. Late invoices received will be posted dated the first day of the open month. At year end, after approximately six weeks to allow for late postings and additional work required for statutory accounts, the year in Sage will be rolled over to allow management accounts to be generated for the new financial year. Audit adjustments can still be entered, when available.

The Board has access to financial reports via the Trustee padlet and at each meeting.

The Statutory Financial Accounts are prepared in the form of a Statement of Financial Activity (SOFA), in line with the requirements of the Charity Commissions SORP 2015 (FRS 102) Regulations. Regulations relating to the Companies Act and any grant conditions are also taken into account.

Fairfield's financial year runs from 1st August to 31st July. Final annual accounts are submitted for full audit by a registered auditor and presented to the Board for approval. Fairfield's auditors are David Owen Chartered Accountants. The provision of auditor services will be reviewed, as a minimum every five years and normally not more frequently than every three years.

25. External Relationships

It is expected that the Head of Finance and the wider Finance team, will develop and maintain strong working relationships with external providers, such as Auditors, Bankers, investment Managers, Insurance Broker and HMRC.

26. Reporting suspected financial abuse or fraudulent activity

All Employees and volunteers should be made aware of these procedures and understand that they have a responsibility to report concerns about, or suspects that there may be financial abuse or fraudulent activity within the organisation can use the procedures outlined in the Whistle Blowing Policy to ensure these concerns are reported swiftly and appropriately. Any concerns raised will be dealt with by relevant action taken immediately to resolve the issue.

27. Gifts and Hospitality

Fairfield commits to a policy of zero-tolerance of bribery in any form, recognising that bribery is contrary to fundamental values of integrity, transparency and accountability. Fairfield will uphold all laws relevant to countering bribery and corruption in accordance with the Bribery Act 2010 (the Act), which applies to conduct both in the UK and abroad.

Our approach to antibribery and corruption does not prohibit normal and appropriate gifts and hospitality (given and received) to or from Third Parties, subject to the principles set out below:

- must not be made with the intention of improperly influencing a Third Party or Worker to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits
- must comply with local law
- must be given in the name of the organisation, not in an individual's name
- must not include cash or a cash equivalent
- must be appropriate in the circumstances
- must be of an appropriate type and value and given at an appropriate time taking into account the reason for the gift
- must be given openly

28. Associated Policies

The following policies have been referred to and the contents provide extra guidance and the most up to date information on specific areas of this Policy. Employees are expected to read them in conjunction with this Policy.

- Trustees Handbook
- Staff Handbook inc Travel & Expenses
- Financial Procedures Policy
- Whistle Blowing Policy
- Investment Policy

By Order of the Board

Kate Durrant
Head of Finance
October 2024