

Camphill School Aberdeen (CSA) - Financial Procedures

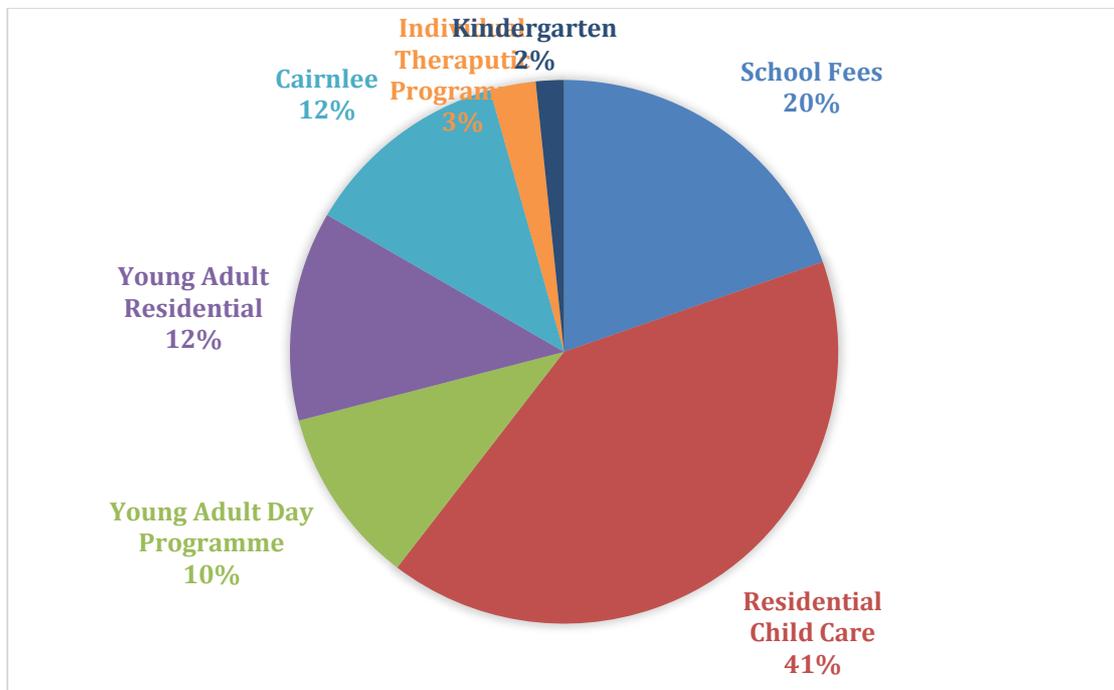
Overview

Revenue budgets are set annually and approved by the CSA Finance Committee and CSA Council of Management. Operational Controls for the income and expenditure lines agreed in the annual revenue budget are as follows:

Income

Fee Income and associated recharges for additional services

Income from Fees and associated recharges is currently around £7 million per annum and represent around 98% of the Schools annual turnover. The majority of contracts for children and young people are with Local Authorities and Health Boards and currently CSA have contracts with twelve individual Local Authorities/ Health Boards in Scotland and Northern Ireland. The split of fee income over the various spheres of work are as follows: -



Fee income is usually billed termly, four times per year towards the end of each term to assure the accuracy of recharges for additional services. The timescale for bills being raised usually falls towards the end of June, September, December and March each year. A small number of placements are billed monthly to fit with particular placing authorities billing procedures and additional holiday respite is billed separately usually within a few weeks following the holiday period.

A quarterly billing schedule is prepared by the Finance Manager and House Coordinators are responsible for advising the Finance Manager of any additional services that require to be recharged such as agreed additional respite nights etc.

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The Finance Manager will ensure that contract rates are accurate and liaise with the House Co-ordinators to ensure that all additional services are correctly recorded for billing.

The quarterly billing schedule will then be passed to the Finance Assistant who will raise sales invoices in the SAGE 200 Sales Processing Module, the completed sales invoices are checked by the Finance Manager before being emailed /mailed out to the appropriate key billing contact for the individual placement.

Holiday respite schedules and contracts are prepared by the Administrative Assistant and sent to the Finance Manager to agree before being passed to the Finance Assistant to raise sales invoices in SAGE 200.

The Finance Assistant will regularly monitor aged debtors and arrange for reminders to be sent on amounts outstanding over 60 day. Should any debts be deemed to be irrecoverable the Finance Manager can authorise account write off up to £5,000. Bad Debts write offs over £5,000 should be referred to the Finance Committee for approval.

Other Income Sources

CSA currently have the following additional income sources: -

- Rental income and recoveries made from the Camphill Social Fund to cover the costs of retired Community Co-workers of approximately £75,000 per annum.
- Voluntary donations and legacies received of around £50,000 per annum.
- Other miscellaneous income from teaching recharged, bookshop profit, bank and credit card interest / rebate received totalling around £20,000 per annum.

Procedures for other income sources

Rental agreements have been put in place and rental income is paid monthly by standing order. These payments are recorded in the cashbook in SAGE 200 as received.

A submission is made annually to the Camphill Social Fund to cover costs relating to retired co-workers. The annual return is usually completed and submitted for approval during the final quarter of the financial year. When the grant funding from Camphill Social Fund is received this is recorded in the cashbook in SAGE 200.

Voluntary donations and legacies are periodically received with some regular donations being received from local community organisations that use CSA facilities such as the hall and swimming pool. Friends of Camphill School have arranged other fundraising events on behalf of the school sometimes for specific causes and often for unrestricted use by CSA. All such donations are recorded and acknowledged and where the donation is made in cash or cheque the monies are lodged in the CSA bank account and all income is recorded in the Cashbook in

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SAGE 200. Where donations and legacies are made for specific purposes they are recorded as designated funds and expended in line with the conditions of the donation. Individual donors are sent a gift aid declaration along with the acknowledgement letter and an annual gift aid claim is completed and submitted to HMRC.

Periodically Co-workers undertake external teaching and agreed remuneration for such activity is either invoiced by CSA or the agreed fees remitted to CSA directly by the contracting organisation at which point they are recorded in the SAGE 200 Cashbook.

The bookshop is operated by a long term Co-worker who operates the Camphill Bookshop Bank A/c and is responsible for maintaining accounting records for all bookshop transactions. Monthly accounts are submitted to the Central Office for review and monthly profit is recorded by journal entry as part of the monthly House Account transaction process covered in more detail in the expenditure section.

Bank interest and credit card rebates are made directly to CSA bank accounts and recorded in the SAGE 200 cashbook as received.

Expenditure

Co- worker allowances – this covers agreed monthly allowances for Co-workers and Co-worker children plus expenditure to support additional personnel needs such as medical, further education and extraordinary expenses that cannot be met from regular allowances. The majority of this expenditure is dealt with in more detail under the House Allocation section below.

Co-Worker taxation – CSA permanent Co-workers are taxed under a specific tax arrangement with HMRC ref BIM22040. Co-workers complete and return annual self-assessment tax returns to HMRC detailing their taxable income under the rules set out in the BIM22040 agreement. The tax due in respect of co-worker income from CSA activities is paid by CSA on the co-workers behalf. It is the responsibility of the individual Co-workers to complete their tax returns by the due dates specified by HMRC. Co-workers are assisted in the completion of annual self-assessment tax returns by the Finance Manager who checks HMRC tax calculations and maintains a schedule of tax payable ensuring that tax due is paid to HMRC by the due dates. Co-worker tax paid is recorded in the SAGE 200 by journal template allocated to the relevant co-worker cost centre.

Co-Worker Pocket Money – Short -term Co-worker volunteers are paid monthly pocket money in addition to having their accommodation and living costs met by CSA. The short term Co-workers are encouraged to have this money transferred directly to their bank account monthly to minimise cash handling however due to many of the short term volunteers only being in the UK for a short term many do not have bank accounts in the UK so the pocket money is then dealt with from the House Allocation budget and paid from the House Account each month in cash. For bank transfers the individual co-workers will

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provide bank details in writing to their House Co-ordinator, which will be passed to the Finance Assistant to set up the monthly transfer. The monthly transfer list is checked and authorised by the Finance Manager each month prior to payment and payments made are recorded in the SAGE 200 by journal template allocated to the relevant co-worker cost centre. Pocket Money paid out in cash from House Accounts should be signed for to acknowledge receipt.

Co-Worker Pension Costs – pension provision for permanent co-workers is reviewed and agreed by the CSA Council of Management. It was last reviewed in March 2015 and it was agreed to set contributions per person that would achieve an annual pension income on retirement of £16,000 per annum. Based on the guideline figure at annuity, monthly pension contributions are paid each month by direct debit into individual co-worker SIPPs with Aviva. Monthly pension payments are recorded in the SAGE 200 by journal template allocated to the relevant co-worker cost centre. The Finance Manager reviews payments monthly to ensure any necessary adjustments are made in respect of leavers or joiners.

Salaries and National Insurance– employee salary payments are dealt with via the in house SAGE payroll system that provides a nominal link to the SAGE 200 financial accounting system. All employees are paid monthly on the 26th of the month or the nearest earlier banking date. Details of new starts, leavers and any salary amendments are provided by the HR Manager each month in advance of the payroll processing date. It is the responsibility of the authorised line managers to ensure that sickness absence forms are completed timeously and relevant information is passed to the Finance Assistant in advance of the monthly payroll processing date. Line Managers should also ensure that details of any overtime payments are documented and approved so they can be passed to the Finance Assistant in advance of the payroll processing date. Once the payroll information has been input the Finance Manager will check the payroll summary prints and authorise for payment. Salary payments are then made directly by BACS and real time information submitted to HMRC in respect of Tax and NI payments. The nominal link from the SAGE payroll package will process the relevant entries in the SAGE 200 Finance system. The Finance Assistant will ensure that direct payment is made to HMRC in respect of Tax and NI by the due date for payment.

Employee Pension Costs -CSA operates a group employee pension scheme with Standard life. All employees are automatically enrolled into the scheme following the satisfactory completion of a three-month probationary period. Currently CSA makes a 5% employers contribution to the scheme with employees having the option to contribute under salary exchange. The Finance Assistant enters information on new starts, leavers and salary amendments directly via the Standard life portal. The monthly payments report is checked and authorised by the Finance Manager before making the monthly payment to Standard Life which is recorded in the SAGE 200 by journal template allocating the monthly pension costs to the relevant employee cost centres.

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Agency Staff Costs – the majority of agency staff costs are in respect of night care staff provided by two agencies. The need for specific overnight care is identified and agreed in placement agreements and is recharged as a component of the service charge. House Co-ordinators are responsible for scheduling the agency cover as required and agreed. The agencies send billing schedules / invoices directly to the individual houses where they are checked then passed to the Finance Assistant for recording in the purchase ledger of the SAGE 200 and matched to the direct debit payments.

Training Costs – a record of agreed core training covering statutory training, induction and annual sponsorship of BA and access courses is maintained by the HR Manager. Additional Training requests are dealt with under the current training policy with training requests completed by the co-worker/ employee which can be authorised by the training group if under £500 and referred to the Management Team for approval if over £500. The HR Manager will maintain a record of all approved training. All invoice received in respect of training will be checked with the HR Manager to check for accuracy and approval and will then be processed for payment in the SAGE 200 purchase ledger.

Rent - Camphill Estates set the rents annually for the operating companies based on an annual rental charge equal to 2.5% of the Property Valuation. The agreed annual rental is paid in 12 monthly instalments by bank transfer on the 1st of every calendar month. Monthly payments are recorded in the SAGE 200 by journal template.

Property Insurance – Camphill Estates arranges and pays for Property Insurance recharging the costs to CSA annually by invoice. The annual invoice will be authorised by the Finance Manager and processed in the SAGE 200 purchase ledger.

Council Tax – annual bills are checked for accuracy and settled in two equal instalments made in April and September each year. The payments are recorded in the SAGE 200 by recording in the purchase ledger allocating the costs to the relevant property cost centres.

Utilities – CSA engage Utility Aid to negotiate utility contracts and ensure best value in utility costs. Utility Aid monitor billing and contracts and deal with the service providers on any disputes. Invoices are processed for payment in the SAGE 200 purchase ledger.

Planned Repairs – an annual planned repairs schedule is prepared and approved as part of the annual revenue budget process. The Facilities Manager is responsible for engaging approved contractors where necessary to undertake aspects of the planned repairs schedule. To ensure best value a minimum of two tenders where appropriate should be obtained. Invoices are approved by the Facilities Manager and matched and recorded against the planned repairs list. Invoices are processed for payment in the SAGE 200 purchase ledger.

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Ad-hoc Repairs – the annual planned repairs schedule incorporates an overall allowance for general ad-hoc repairs. If any significant repairs arise that are not covered in the planned repairs budget this should be referred to the Finance Manager for authorisation and where this cannot be contained in the overall revenue budget the matter should be referred to the Finance Committee for consideration.

Farm and Land Costs – budgets devolved to the senior co-worker in overall charge of the farm and land operation invoices approved and passed to the Finance Assistant to be processed for payment in the SAGE 200 purchase ledger. Elements of expenditure and internal income dealt with in the devolved farm and land account monthly allocation. This expenditure is dealt with in more detail under the House Allocation section below.

Food and Household Costs – the Food and Household budgets are mainly devolved to individual House Account Holders. This expenditure is dealt with in more detail under the House Allocation section below.

School and Medical Supplies – a significant element of the School and Medical supplies budgets are devolved to individual House Account Holders. This expenditure is dealt with in more detail under the House Allocation section below. School supplies expenditure should be authorised by the Education and Care Manager with invoices passed to the Finance Assistant to be processed for payment in the SAGE 200 purchase ledger

Medical Practice SLA – CSA have an SLA with the Camphill Wellbeing Trust for the provision of anthropological medical and nursing services. The agreed annual SLA charge is paid in 12 monthly instalments by bank transfer on the 1st of every calendar month. Monthly payments are recorded in SAGE 200 by journal template.

Camphill Scotland Annual Fee – Camphill Scotland operating costs are allocated pro rata to member communities based on annual income. Camphill Scotland advise Communities of the annual fee payable which is paid in 12 monthly instalments by bank transfer on the 1st of every calendar month. Monthly payments are recorded in the SAGE 200 by journal template.

Accreditation and Registration Fees – agreed annual fee invoices are processed for payment in the SAGE 200 purchase ledger.

Camphill Social Fund Contribution – annual voluntary contribution to the Camphill Social Fund agreed annually by the Finance Committee. Fee paid via bank transfer and recorded in the SAGE 200 Cashbook.

Equipment Replacement and Repair – general fund for the replacement of household equipment. Requests for replacement items made to the Finance Manager and payment of approved items either made by payment of invoice via the SAGE 200 purchase ledger or reimbursement to House Account as appropriate.

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IT Support Contract Costs – agreed annual support contract with IT Hotdesk, billed monthly with invoices paid via the SAGE 200 purchase ledger.

IT Hardware/ Software and Support – covers additional freelance support to cover co-worker support needs plus annual support and licencing packages and any additional ICT project costs. All work to be authorised by the Finance Manager and invoices approved then paid via the SAGE 200 purchase ledger.

Telephone and Internet Costs – the majority of telephone and internet costs are covered by a contract with Barclay's telecom which is billed monthly and paid via the SAGE 200 purchase ledger. There are some independent arrangements for telecoms and internet devolved to individual House Account Holders. This expenditure is dealt with in more detail under the House Allocation section below.

Insurance – combined policy with Ecclesiastical reviewed and billed annually paid via the SAGE 200 purchase ledger.

Audit and Accountancy Fees – agreed contract fee for audit services plus allowance for any ad-hoc accountancy support to be approved and authorised by the Finance Manager. Invoices paid via the SAGE 200 purchase ledger.

Secretary's Honorarium- Camphill Estates arranges Company Secretary Services across the operating companies, recharging the costs pro-rata to CSA annually by invoice. The annual invoice will be authorised by the Finance Manager and processed in the SAGE 200 purchase ledger.

Legal Fees – to cover ad-hoc Legal Services as required which should be authorised by the Finance Manager if within the overall budget limit. Where the amounts are likely to exceed the overall revenue budget the matter should be referred to the Finance Committee for consideration. Invoices will be authorised by the Finance Manager and processed in the SAGE 200 purchase ledger.

Consultancy and Professional Fees – to cover ad-hoc services as required which should be authorised by the Finance Manager if within the overall budget limit. Where the amounts are likely to exceed the overall revenue budget the matter should be referred to the Finance Committee for consideration. Invoices will be authorised by the Finance Manager and processed in the SAGE 200 purchase ledger.

Printing, Stationery and Postage – general budget for Office supplies, invoices should be checked against orders and processed in the SAGE 200 purchase ledger.

Depreciation – calculated based on agreed depreciation policies and recorded in SAGE 200 by journal template.

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Motor Insurance and RAC cover – fleet motor insurance policy with Aviva plus annual contract for RAC cover both reviewed and billed annually paid via the SAGE 200 purchase ledger.

Vehicle Running Costs – covers licencing, servicing and fuel costs for the CSA motor fleet. Road tax renewals are set up as annual direct debit payments which are recorded in the SAGE 200 Cashbook. Servicing and repair bills are normally paid centrally with the invoice being authorised by the co-worker initiating the service then passed to Central Office to be processed in the SAGE 200 purchase ledger. Fuel costs are mainly devolved to individual House Account Holders. This expenditure is dealt with in more detail under the House Allocation section below.

Travel Costs – covers general business travel and contribution towards return travel for short term volunteer co-workers. Business travel will be authorised by the relevant line manager and be booked centrally where possible or alternatively reimbursed to the employee who should provide receipts for reimbursement. Return travel costs are mainly devolved to individual House Account Holders. This expenditure is dealt with in more detail under the House Allocation section below.

House Allocations / Budgets

Due to the shared living and community ethos of CSA, budgets are devolved to households to cover general day to day living costs. Currently there are around thirty devolved House Allocations/ Budgets in operation with each having a designated Account Holder.

House Allocations/ Budgets are agreed annually and are generally divided into the following categories of expenditure:-

- Permanent Co-worker expenses/ allowances
- Short-term Co-worker Pocket Money
- Food & Household
- Motor & Transport
- School and Medicine
- Office Expenses
- Land & Garden

Permanent Co-worker expenses are calculated based on a monthly allowance of £400 per permanent long-term co-worker. In addition permanent co-worker children receive a monthly allowance in the range of £200 to £300 per month dependant on the child's age.

Short-term Co-worker Pocket Money is currently set at £190 per month for volunteers who have been at CSA for under a year. For volunteers continuing beyond one year the rate is increased to £230 per month.

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Food and Household is calculated on an average per head basis to cover residents and co-workers living and working in the house.

Motor and Transport covers fuel costs of House Cars and Minibuses.

School & Medicine Supplies covers the costs of particular items and activities provided for individual pupils and residents.

Office Expenses cover general office expenses including mobile phones and some telephone line and internet charges.

Land and Garden Costs covers the cost of land and garden upkeep.

Procedures for recording House Account Transactions

- The agreed annual budget is allocated monthly based on 1/12th of the annual budget, this amount is transferred on the 1st of every calendar month from the CSA Central bank account to the individual House CSA bank accounts by internal bank transfer.
- The nominated House Account Holder has overall responsibility for recording House expenses and should ensure that adequate accounting records are maintained and receipts retained for all recorded external expenditure.
- House Account Holders should ensure that best value is achieved in all purchases.
- Where Co-worker allocations and Co-worker Pocket money are paid out as a cash sum to the individual co-workers the House Account Holder should maintain a record of these payments and get the Co-worker to sign to acknowledge receipt of the cash. As the Co-workers are then free to spend these allowances as they wish and in the case there is no requirement to retain expense receipts to evidence expenditure. In the case of permanent co-workers all such allocations will be deemed to be taxable.
- Co-workers who have CSA credit cards which are linked to House Bank Accounts should ensure that they submit details and receipts to support their monthly credit card expenditure timeously to the House Account Holder so details can be recorded in the House Cashbook and the receipts retained with the Monthly House Accounts.
- For all other expenditure the House Account Holder should ensure receipts are retained to evidence the expense and record the expenditure in their cashbook.
- Account Holders should complete a schedule of monthly expenditure and a monthly bank reconciliation which should be submitted to the Finance Manager by the 15th of the following month.

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- On receiving the monthly House Accounts the Central Finance Team will prepare a journal template to record the monthly transactions in SAGE 200.

Additional Items

It is accepted that there will be additional expenditure both of a personal and a household nature that will arise that cannot be covered by the standard monthly allocations.

Where this is to cover the repair or replacement of larger household items the Account Holder should contact the Finance Manager to get approval. Where possible the payment for the replacement item or repair will be met centrally and the invoice once agreed to the order should be processed in the SAGE 200 purchase ledger. If the item has been purchased on the House bank account or credit card the Account Holder should request reimbursement and the Finance Manager will arrange for an internal bank account transfer to cover the additional expenditure.

For requests to cover personal expenditure for medical or other family needs the individual Co-worker should put the request in writing to the Finance Manager in the first instance. Dependant on the nature of the request and the value of the request the Finance Manager may be able to approve this but it may be referred to the Executive Management Team supported by the Community Finance representatives to consider. Agreed requests can be paid directly with invoices processed in the SAGE 200 or purchase ledger or reimbursed to the co-worker by internal bank transfer.

Permanent co-worker children can request support to cover higher and further education the current agreed level of support is £535 per calendar month for those living away from home and £200 per month for those studying locally and still living at home. These amounts are usually paid directly into the young person's bank account on the 1st of every month, payments are recorded in the SAGE 200 by journal template. Any payments made to Co-worker children should be included in the annual income of the parents calculated for tax purposes.

CSA Employee Credit Cards and Expenses

Any employees or Co-workers in receipt of a CSA credit card for business purposes that is not attached to a House Account should ensure that they provide details of their monthly credit card expenses plus a copy of their monthly credit card bill and receipts to Central Office by the 15th of the following month.

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Once received the Central Finance Team will prepare a journal template to record the monthly transactions in SAGE 200.

Any business expenses that an employee or co-worker require to be reimbursed for should be supported by receipts to fully evidence the expense. The reimbursement will be made directly to the individual's bank account and recorded in SAGE 200 as a cashbook transaction.

Other Internal Controls

- Monthly Budget Monitoring and variance analysis
- Monthly Bank Reconciliations
- Monthly Analysis of House Accounts
- Verification procedures for creditor bank account details