

Chin Education Services (Amazon) Co., Ltd.

Amazon Private School

Financial Regulations and Standing Orders

Introduction

Good financial management along with human resource management is key to a successful business conduct. It is important that an organization has a fully functioning financial management system that safeguards and promotes its financial best value. Therefore, these financial procedures are set out to guide in school financial matters the shareholders and the board of directors of the company and the board of school, the managing director, the campus principal, the accountant and other concerned individuals of the company and the school. They need to be reviewed regularly and may be modified from time to time by the relevant authority.

Financial management is a generic term which covers issues from drawing up the annual budget to safeguarding petty cash. It helps schools to ensure that:

- the appropriate people are making and approving financial decisions
- the budget reflects the school's objectives and is realistic
- the school's financial position is regularly monitored to maintain financial control
- income and expenditure transactions are protected from fraud and loss
- financial records accurately reflect the school's position.

1 Governance

1.1 Roles and responsibilities

The governing body of Amazon Private School is the Board of School. The Board of School is collectively responsible for the overall direction of the school and its strategic management. This involves determining the guiding principles within which the school operates and then making decisions about, for example, how to spend the school's budget.

Effective governance stems from corporate decision-making based on comprehensive and accurate information about the school. Effective governance also results in clear public accountability for the performance of the school. Weak governance reduces accountability, removes checks and balances and denies the school a potentially valuable source of guidance.

The governing body has a strategic role and has responsibility for setting educational and financial responsibilities, and for ensuring the budget is managed effectively. It is also responsible for ensuring the school meets all its statutory obligations and, through the Managing Director, complies with these financial regulations and standing orders.

The Board of School is responsible for ensuring all business is conducted in accordance with the school Financial Regulations and that all appropriate employees and agents are aware of the regulations.

1.1 Financial information for governors

- a) A financial report will be prepared for every Board of School meeting.
- b) The financial report will consist of:
 - i. Balance Sheet (Assets, liabilities, and equity)
 - ii. Income statement (Profit or Loss statement)
 - iii. Equity statement
 - iv. Cash flow statement
- c) Each Financial Report will be circulated to all Board of School members and discussed at the following committee meeting.
- d) The reports will be prepared by the accountant.

1.2 Minutes

Minutes should be taken of all meetings of the governing body and its committee and include all decisions and by whom action is to be taken. The minutes should be signed and dated as a true record of the meeting by the chairperson of the respective committee.

The minutes of the governing body meetings must be retained indefinitely and minutes of committees for at least 6 years.

1.3 Annual report to Shareholders

The school's annual report to shareholders should include a financial statement, ideally in the format of Consistent Financial Reporting.

Chapter 2

Financial Planning

Financial planning is an essential part of good financial management. It provides a school with a clear view of how it intends to use its resources. It has two interlaced elements: the school's development plan and the school's budget.

The school's development plan forms a major building block for constructing the budget. It identifies the school's educational priorities and usually has a strong focus on raising standards (or maintaining high standards). It is important, therefore, that the school development plan indicates the resource implications of each priority to guide decisions on the school's budget. An evaluation framework should also be built into school development plans to assess the success of each initiative. A summary of ongoing spending also needs to be included in the development plan so that there is a clear link between the school's priorities and spending plans.

Budgeting is essential to good financial management. The budget sets out how resources are allocated and provides a mechanism for monitoring expenditure through the year. It should be the concrete expression of the school's development plan. Clearly identified links are needed between the school's annual budget and its development plan.

2.1 School development plan - educational goals

The school should have a school development plan (SDP) which includes a statement of its educational goals to guide the planning process.

2.2 School development plan - should cover three years

The school development plan should cover in outline the school's educational priorities and budget plans for at least the next three years, showing how the use of available resources is linked to the achievement of the school's goals.

2.3 School development plan - one year detailed objectives

The school development plan should state the school's educational priorities in sufficient detail to provide the basis for constructing budget plans for the next financial year.

2.4 Cost/benefit appraisal of new initiatives

Any new initiatives should be carefully appraised in relation to all likely costs and benefits and their financial sustainability before being approved by the governing body.

2.5 Continuing commitments costed

The school development plan should also state intended expenditure on continuing commitments, including a short commentary on any significant changes from the previous financial year.

2.6 Financial planning timetable

A formal timetable and procedures should be drawn up for constructing the school development plan and budget to ensure that the governors have time to consider all relevant factors.

This timetable should cover the whole planning process, including both the SDP and the budget. The timetable should ensure that the governors are provided with timely information needed to evaluate the options which will form the basis of the SDP and budget so that a draft budget can be approved by 31 January and a final budget approved and signed by 31 March.

The timetable should map information requirements and allocate responsibilities to staff where their input to the budgeting process is required.

The timetable should also include provision for consultation with staff and parents where appropriate. Consultation should make plans more realistic and increase accountability.

2.7 School development plan - budget link

There should be a clear, identifiable link between the school's annual budget and its development plan.

It should be possible for anyone reading the SDP to locate in the budget for the same year the proposed expenditure for continuing commitments and new initiatives. The exercise of linking the two documents is intrinsically useful as it forces consideration of how improvements are to be funded, thus ensuring that the budget and the SDP relate to each other. There is no one way of linking spending priorities with the budget. New initiatives will often span several budget heads.

The schools budget plan should include a memorandum item listing the elements of the school development plan which have been included in the budget.

2.8 Balanced budget based on income/expenditure

The school's budget should be based on realistic estimates of all expected expenditure and income, including grant income, so that planned expenditure does not exceed the available resources.

The available resources constitutes the school's delegated budget for the year adjusted for any surplus/deficit from the previous year, income receivable, provisions for pay or price increases and other contingencies. If a deficit budget is required to be set, it will require the explicit Board of Directors' approval. In practical terms, realistic budgeting means looking at what was spent last year, adjusting for inflation/pay increases and any planned changes in provisions. Realistic estimates are just as important for the income side and should be based on pupil number projections and anticipated other income, such as lettings. Where there is uncertainty in estimating likely income, the school should err on the side of caution.

2.9 Periodic review of main budget headings

The governing body should ensure that the main elements of the school's budget are periodically reviewed to ensure that historic spending patterns are not unhelpfully perpetuated.

This involves building up the budget from a zero base rather than simply carrying forward the budget from one year to the next. Its value lies in challenging existing patterns of expenditure which may have become obsolete over time. It could, for instance, reveal anomalies between subjects in terms of responsibility points, number of teachers or learning resources. This will help the school to show that it is complying with the 'challenge' element of best value.

This type of budgeting is obviously time-consuming and should only therefore be undertaken periodically and with reference to major budget headings.

2.10 Profiled budget

The Managing Director should profile the budget and forecast cash flow to take account of likely spending patterns. For example, it is likely that the energy budget would be profiled to account for higher energy consumption in the winter months.

Profiling allows more effective budget monitoring: a budget deficit in a particular month may be the product of a one-off expenditure item. Conversely, a surplus may merely reflect clustering of expenditure in future months.

A cash flow forecast will assist the school to identify whether the budget as currently profiled is likely to be covered by funds available in any given month.

2.11 Earmarking of surpluses

Any budget surpluses should be earmarked for specified future needs to ensure that pupils benefit from a planned approach to spending that does not deprive them of resources in a given year. Therefore, non-specific surpluses should not usually exceed MMK 30,000,000 or 30% of the gross school budget share, whichever is the greater.

The Board of Directors should be informed about the intended use of all money carried forward in balances. Balances should be clearly linked to the School Development Plan and broken down into items such as redecoration, repairs and replacements, large purchases, capital projects, provisions for roll fluctuations etc. in order to show that these savings do not represent unnecessary under-resourcing in the current year.

2.12 Approval of the budget

The Board of Directors can delegate responsibility to the Board of School for approving the draft and final school budget shares, unless the school is planning to set a deficit budget. Where responsibility for approving the budget has been delegated to the Board of School this delegation must be minuted by the Board of Directors and the decisions of the Board of School must be reported to the Board of Directors.

Each school must submit by the 31 January of the previous financial year a provisional school budget plan to the Board of School. The budget plan must be prepared by both the Managing Director and the Campus principal. The Board of School should approve the school's draft budget and school development plan after careful consideration by the end of February. The budget plan must be approved at the shareholders' meeting by the 31 March in the relevant financial year, minuted as such, and signed by chairperson of the Board of Directors.

2.13 Setting a deficit budget

Governing bodies must not set a deficit budget plan except with the express permission of the shareholders and only when:

- the school is due for closure; or
- other exceptional circumstances.

2.14 Borrowing by Schools

Schools must not enter into any borrowing agreement unless the written permission of the Board of Directors has been obtained. This provision relates to borrowing from external financial institutions and not to internal loan schemes or borrowing from the shareholders as part of an agreed recovery plan.

2.15 Corrections of Errors

At the point that any error is identified in a school's accounts, the error must be corrected without delay.

If the authority identifies any such error the Managing Director will notify the school (campus principal and accountant) in writing along with the action that must be taken to correct the schools accounts.

Should a school identify an error in their accounts they must notify the Managing Director in writing so that any necessary action can be agreed in order to correct the schools accounts.

Chapter 3

Budget Monitoring

Regular monitoring of income and expenditure against the agreed budget is central to effective financial management. It allows governors, the campus principals and staff to maintain financial control by reviewing the current position and taking any remedial action necessary. But budgets are not set in stone. The original budget may need regular updating, following consultation with governors, to take account of in-year developments.

In practical terms, budget monitoring involves producing monthly monitoring reports and drafting proposed plans of action to tackle any significant variances. This process should be carried out at all levels to include any devolved budget elements. Expenditure on individual initiatives should also be tracked to enable the school to assess their cost and effectiveness against the criteria set out in the school development plan. By receiving regular reports, the governing body can feel secure about the way their decisions are being implemented and take actions where it is needed to bring about changes. Budget monitoring becomes an important guide when setting the budget for the following year.

3.1 Monthly budget monitoring

The Managing Director/campus principal should produce monthly budget monitoring reports for income and expenditure, including sums committed but not yet paid and outturn forecasts against the approved budget. These reports should be reconciled with the school's accounting records and signed by the Managing Director/campus principal as evidence that the budget monitoring report has been reviewed.

3.2 Regular monitoring reports to governing body

The Managing Director/campus principal must provide budget monitoring reports to the governing body at least once a term. These must show any significant variances against the budget with explanatory notes, and, where necessary, remedial action plans.

Significant variances might be expressed in terms of a percentage variance from the budget or, in the case of large budget heads such as salaries, a monetary variance.

Budget monitoring needs to be reinforced with plans of action to tackle any significant budget variances as early as possible. The plan should specify how any overspend is to be addressed, within what timeframe and who is to be responsible. The governors should also be consulted on how best to deploy any budget surplus.

Reports to the governing body should be based on the headings used for Consistent Financial Reporting as a minimum. However, the governing body may request for additional information to also be provided e.g. departmental budgets, detailed expenditures on a particular budget head, etc.

3.3 Reviewing devolved budget elements

The Managing Director/campus principal should monitor expenditure on the initiatives set out in the school development plan.

With Consistent Financial Reporting the headings in standard budget monitoring reports do not allow the tracking of expenditure on individual initiatives, since they may cut across several categories. This exercise should be undertaken in parallel with mainstream budget monitoring if necessary. This will:

- allow the school to monitor expenditure on the initiative against the budget
- provide the financial information necessary to assess the cost effectiveness of the initiative

3.4 Departmental budget

If budget elements have been devolved, departmental budget holders should receive and review regular reports comparing the amount spent or committed to date against their budgets. The Managing Director/campus principal should monitor these reports periodically and take action where necessary.

The departmental budget holders may be able to access or request budget monitoring reports at any time. If this is the case, the Managing Director/campus principal should periodically monitor the reports to ensure that the appropriate action is being taken where necessary.

3.5 Cash flow forecasting

The Managing Director/campus principal should produce a cash flow forecast to ensure that the school does not go overdrawn. In circumstances where a school expects that they may go overdrawn, in exceptional circumstances the Board of School must be notified.

Chapter 4

Purchasing

It is vital that schools achieve the best value for money they can from all their purchases, whether they are of goods or services. In this context, value for money is about getting the right quality at the best available price. This often means looking further ahead than the immediate purchase, especially when selecting equipment, and taking into account associated costs such as supplies and maintenance.

Many of the standards in this section are there to protect individuals and to ensure that the school money is spent without any personal gain. Purchasing procedures are needed to prevent waste and fraud.

4.1 Seek value for money when purchasing

The school should always consider price, quality and fitness for purpose when purchasing goods or services.

4.2 Expenditure limits - governors' authorization

The Managing Director is the budget holder of the School.

All expenditures must be approved by the Managing Director.

Expenditure that exceeds the school's budget but under the values of MMK200,000 may be authorized by the Managing Director.

Avoidance of obtaining higher authority by raising a sequence of smaller orders in place of one large order is not permitted.

Authorization for expenditure above MMK200,000 must be referred to the Board of School. Approval for such expenditure must be formally recorded in the minutes of the relevant Board of School meeting.

4.3 Use of written pre-numbered order forms or Purchase Order book

Written (or computerized) orders ensure that the school has a precise record of what has been ordered which can then be compared against delivery. Pre-numbered orders deter fraudulent orders as a break in the order sequence will arouse suspicion. All purchase orders must be recorded in the Purchase Order book and allocated the next sequential Purchase Order Number.

The Purchase Order Number must be given to the Supplier and quoted on their invoice. Official, pre-numbered orders should be used for all goods and services except utilities, rents, rates and petty cash payments. Where urgency requires a verbal order, this should be confirmed by a written order.

All orders should be stored in a secure location to prevent unauthorized access.

4.4 Orders only used for school purposes

Orders should be used only for goods and services provided to the school. Individuals must not use official orders to obtain goods and services for their private use.

4.5 All orders and payments signed by authorized signatory

All orders and payments must be approved by the Managing Director and signed, except in the case of personal claims made according to 4.13 which needs at least 2 signatories, by at least four relevant individuals including the requester, the accountant, the campus principal and the Managing Director.

4.6 Responsibilities of signatory

The signatory of the order should be satisfied that the goods or services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary.

4.7 Orders entered as commitments on budget

When an order is placed, the estimated cost should be committed against the appropriate budget allocation so that it features in subsequent budget monitoring.

4.8 Receipt of goods and services

The accountant should check goods and services on receipt to ensure they match the order and the order should be marked accordingly. This should not be done by the person who signed the order.

4.9 Payment on proper invoices only

Payment should be made within time limits (usually 30 days) for the payment of debts and only when a proper invoice has been received, checked, coded and certified for payment.

These checks should confirm:

- Receipt of goods or services, cross-referenced to the order number
- Expenditure has been properly incurred and that payment has not already been made
- Prices accord with quotations, tenders, contracts or catalogue prices and arithmetic is correct
- The invoice is correctly coded
- Discounts are taken where available

The school should not make any payment on the basis of a photocopied invoice or a statement from a supplier.

4.10 Paid invoices marked "Paid" and stored securely

All paid invoices should be easily identifiable as paid e.g. marked as 'Paid' and dated. They should be securely stored in order for easy accessibility.

Marking invoices "Paid" should avoid duplicate payments and marking invoices with the cheque number provides an audit trail from invoice to final payment. Also, easy accessibility of orders is crucial to the audit process, both internally and externally.

4.11 Payment to individuals

All expenditures must be requested by someone with a completely filled-out Expenditure Request Form, documented by the accountant, checked by the campus principal and approved by the Managing Director and signed by all.

Payments to individuals above MMK10,000 should be made upon signing the Acknowledgement Form by the payee and the payer and for payments under MMK10,000 a Non-B Form which has no payee's signature must be signed by the payer. Gifts and/or present for which a signature of the payee is not obtainable must be recommended by the Managing Director.

No one may authorize payment to themselves, their partner or relatives. Expenses claimed by the Managing Director must be approved and signed by the Chairperson of the Board of School.

4.12 Internet purchases and sales

At all times, the same rigor of internal control must be placed on internet purchases as is normally applied to standard procurement with regard to separation of duties, authorization controls and independent management checking.

Supplier invoices, delivery notes and all relevant documentation should be obtained for all internet purchases and retained within the normal filing system.

All purchases should only be made from secure websites that the School Office has gained reassurance are safe and free from fraudulent activity.

The use of online auction websites is not recommended.

4.13 Mileage Allowances and Subsistence Claims

The school will reimburse mileage expenses to individuals for business journeys at a rate in accordance with the limitations set out from time to time by the Board of School.

- i. All expense claims are to be authorized by the Managing Director.
- ii. The Chair of the Board of School must authorize all claims relating to the Managing Director.
- iii. All expense claims are to be supported by receipts (or other appropriate evidence of expenditure) which must be attached to the claim. Claims for subsistence can only be claimed to the maximum stated in iv) below.
- iv. Rates of subsistence will be paid at the following rate:
 - Breakfast MMK1000
 - Lunch MMK2000
 - Evening Meal MMK3000
- v. Claims for the purchase of alcohol will not be reimbursed.
- vi. Properly completed claims should be submitted to the accountant.

4.14 Expenditure limits - quotations

No specific number of written quotations are required for expenditure up to MMK500,000 although verbal quotations must be done.

Two or more written quotations should be obtained for all expenditure between MMK500,001 and MMK1,000,000 unless it is impracticable to do so. An official order must be completed.

Three or more written quotations should be obtained for all expenditure above MMK1,000,001 unless it is impracticable to do so. An official order must be completed.

In circumstances where it has been impracticable to obtain the required number of quotations, the reasons for not doing so must be reported to the governing body.

Where a quotation other than the lowest is accepted, the reasons for this decision must be reported to the governing body and included in the minutes of the relevant meeting. It will be necessary for the school to be able to demonstrate that best value has been achieved.

Chapter 5

Financial Control

Schools have many systems for processing and recording financial transactions e.g. petty cash, purchasing, payroll, contracting services and income collection systems. By building internal financial controls into systems, governors and staff should be confident that transactions will be properly processed and that any errors or fraud will be detected quickly. Examples of internal controls are:

- internal checks - one person checking another person's work;
- separation of duties - distributing the work so that key tasks are assigned to separate members of staff;
- systems manuals - clear, readable descriptions of how systems work and who does what;
- a system of authorizations - each transaction is authorized before passing on to the next stage of the process.
- a clear audit trail covering all stages of a transaction, for example from copy order to invoice, to accounts, to cheque, and in reverse.

5.1 Written descriptions of financial systems

The governing body should ensure that the school has written descriptions of all its financial systems and procedures. These should be kept up to date and all appropriate staff should be trained in their use.

The objectives of internal control are to give the governing body confidence that as far as is reasonably possible:

- a. the school's accounting records are accurate and complete
- b. the financial procedures in operation minimize the risks of misappropriation of funds and assets
- c. the school achieves best value.

5.2 Periodically checking

The Managing Director is responsible for periodically checking the following (at least once per term, ideally once per month), and signing and dating to confirm that the checks have been made:-

- a. Income received by the school can be traced from source to financial system entry.
- b. All payments have been correctly authorized, made and documented.

- c. All income is banked and reconciliation has been conducted regularly.
- d. Petty cash reconciliations are being completed.
- e. All balance sheet accounts i.e. Creditors & Debtors are reconciled.

5.3 Separation of duties

It is the responsibility of the Managing Director to ensure that key financial duties are properly separated between individuals. Functions to be separated between staff will include:

- a. Execution – the placing of an order and receipt of goods and services, and the charging and receipt of a fee.
- b. Authorization – the authorization of transaction such as a purchase order, payment and batch header.
- c. Payment – processing and batching of invoices and authorization of batch headers.
- d. Custody – the holding of goods and services.
- e. Recording – the completion of the accounting records
- f. Post transaction management checking– reviewing previous transactions to identify errors or intentional manipulation

The Managing Director should ensure that duties related to financial administration are distributed so that at least two people are involved. The work of one should act as a check on the work of the other and all checks should be fully documented.

5.4 Maintaining proper accounting records and systems

The school should maintain proper accounting records as approved by the Board of Directors and retain all documents relating to financial transactions for six financial years plus the current year and are stored in a secure and logical manner.

The schools accounting records and systems will be subject to audit by the public auditors.

5.5 Traceability of transactions

All financial transactions must be traceable from original documentation to accounting records and vice versa.

5.6 Rules for document alteration

Any alterations to original documents such as cheques, invoices and orders should be clearly made in ink and initialed.

5.7 Security of accounting records

All accounting records should be securely retained when not in use and only authorized staff should be permitted access.

5.8 Earmarked funding

The Managing Director should ensure that all expenditure from sources of earmarked funding is accounted for separately and that the funding is used for its intended purpose.

Chapter 6

Income

Income is a valuable asset and is therefore vulnerable to fraud. It is vital that appropriate controls are in place to ensure its security. It is also important that the school does not exceed its insurance or limits set by the Board of Directors on holding cash on school premises.

Income can come from a variety of sources, including tuition, grant funding, school meal money and lettings. The governing body should establish a charging policy and review it every year.

The Managing Director is responsible to the governing body for accounting for all income due and cash collected, and accurate records are needed for this.

This section covers general income controls. These include establishing procedures that ensure that income is banked regularly and that the amount banked is reconciled to the amount receipted in the cashbook. Frequent and regular checking against bank records is important to ensure that all income is secure. The person who sent out the invoice should not collect the income.

6.1 Governors' charging policy

The governing body should establish a charging and remission policy for the supply of goods or services. This policy should be reviewed annually by the full governing body.

The school's charging policy must be determined by the whole governing body, not by a committee. The charging policy will cover lettings and charges for the use of school facilities or equipment.

A charging policy should ensure that the school has a rational approach to setting charges for its services and the use of its facilities. Governors should decide on the level of profits (if any) desired and the suitability of charges in relation to its services.

6.2 Records kept of all income due

Proper records should be kept of all income due.

6.3 Lettings authorized by campus principal

All lettings must be authorized by the campus principal within a framework determined by the governing body and should be recorded in a diary or register.

6.4 Invoices issued within 30 days

Where invoices are required they should be issued within 30 days.

6.5 Issuing of receipts

The school should always issue official, pre-numbered receipts or maintain other formal documentation for all income collected. Receipts should be stored securely in order. Only the accountant or a member of staff duly authorized by the Managing Director in the accountant's absence shall issue receipts for money received.

If payment to the School is made through a bank, a copy of the bank receipt slip must be attested to the School's issued receipt.

6.6 Security of cash and cheques

Cash and cheques should be locked away to safeguard against loss or theft.

6.7 Paying into bank

All income should be paid into the appropriate bank account promptly and in full. Bank paying-in slips must show clearly the split between cash and cheques and list each cheque individually.

Paying-in slips should show clearly the split between cash and cheques and list each cheque individually to enable the school to identify the source of any discrepancy between the bank balance and accounting records.

6.8 Income collection not used for payments

Income collections should not be used for the encashment of personal cheques or for other payments.

6.9 Reconciliation of collections and deposits

The accountant should reconcile monthly the sums collected with the sums deposited at the bank.

This reconciliation involves matching income receipts/other documentation to accounting records on the one hand and bank statements and paying-in slips on the other.

The cash/cheque split on paying in slips will allow the school to ensure that staff have not been encashing personal cheques against income collected, a practice known as teaming and lading (this means 'borrowing' from cash to repay by cheque at a later date). If any income is unaccounted for, the separate listing of all individual cheques on the paying-in slip allows the identification of the missing income element.

6.10 Chasing invoices and writing off bad debts

The school should have procedures for chasing any invoices which have not been paid within 30 days. Debts should only be written off when it is highly unlikely that the debt will be paid or it is no longer economical to continue to pursue payment.

Where write off is considered appropriate the following limits should be applied:

- Approval by the Managing Director for any debts of less than MMK10,000
- Approval by the Board of School for any debts between MMK10,001 and MMK100,00
- Approval by the Board of Directors for any debts over MMK100,000

A sequence of smaller write offs, all within the above limits, to cover a larger write off is not permitted.

6.11 Machine cash handling by two people

The Managing Director should ensure that all machines taking money, such as vending machines and telephones, are emptied and the cash counted by two people.

6.12 Recording transfers of money between staff

The school should ensure that transfers of money between staff are recorded and signed for.

Chapter 7

Banking

The proper administration of bank accounts is at the heart of financial control. In particular, regular bank reconciliation's are essential. They prove that the balances shown in the accounting records are correct and provide assurance that the underlying accounts are accurate.

The standards in this section cover bank account and cheque controls. Failure to keep to these standards leaves areas of the school's finances open to potential error or fraud and indicates a possible breakdown in the school's internal control systems.

7.1 Bank account name

All bank accounts must be in the name of the organization. No account may ever be opened in the name of an individual or individuals.

New accounts may only be opened by a decision of the Board of Directors, which must be minuted.

Changes to the bank mandate may only be made by a decision of the Board of Directors, which must be minuted.

The name of the school and the Chin Education Services (Amazon) Co., Ltd. must appear on the title of the bank account and be printed on each cheque.

7.2 Regular bank statements and reconciliation

The Managing Director should obtain bank statements at least monthly and these should be reconciled with their accounting records. Any discrepancies should be investigated.

Bank reconciliation's are a key element of financial control, since they can prove the accuracy of the accounts. A bank reconciliation involves comparing what is in the school's financial records with the bank statement relating to the same period. If the two records do not match (bar uncleared cheques), the discrepancies should be investigated. This process can uncover any fraud or mistakes in the accounts.

7.3 Reconciliation's reviewed and countersigned

All bank reconciliation's should be signed by the person performing the reconciliation. They should also be reviewed and countersigned by the Managing Director.

7.4 No use of private bank accounts

Individuals should not use their private bank accounts for any payment or receipt related to the school's budget.

7.5 No overdrafts

School's may not arrange overdraft facilities or go overdrawn without the written permission of the chairperson of the Board of Directors.

7.6 Approval of loans

The school should not enter into any loan agreements without the prior approval of the Board of Directors.

7.7 Cheque stationery

Schools should normally use cheque stationery but a manual cheque book should be held to cover situation where it is not possible to use cheque stationery.

7.8 Two signatures needed on all cheques

All cheques must bear the signatures of two signatories approved by the governing body, who must be employees of the school. There should be a minimum of three authorized signatories for the school and would not usually be more than six. Normally, the signatories must be the Chair of the Board of Directors and the Managing Director.

The signatories are responsible for examining the cheque for accuracy and completeness.

7.9 Supporting vouchers for cheque signatories

School procedures should ensure that supporting vouchers are made available to cheque signatories to safeguard against inappropriate expenditure.

7.10 All cheques crossed

School procedures should stipulate that all cheques drawn on the account(s) are crossed 'account payee only' to avoid the possibility of improper negotiation of the cheques.

7.11 Cheque signature requirements

School procedures should stipulate that only manuscript signatures are used and cheques should not be pre-signed or blank cheques must never be signed.

7.12 Security of cheque books and cheque stationery

Cheque stationery/books should be held securely when not in use, ideally in a safe. However, should the schools safe not be large enough to store all the cheque stationery it can be stored in a locked filing cabinet where the cabinet is in an area of restricted access, the keys are only held by staff involved in cheque controls and the keys are held on the person.

Copies of authorized cheque signatories should be held securely and separately from all cheque stationery/books in order to minimize the risk of forgery.

7.13 List of bank accounts and signatories

The Managing Director should maintain a list of all bank accounts held and the authorized signatories for each.

7.14 Spoilt or cancelled cheques

Spoilt or cancelled cheques must be crossed through and clearly marked "cancelled" and retained for audit purposes with the counterfoil/advice slips.

Chapter 8

Payroll

In most schools staff costs make up around two thirds of the entire budget. Schools need to be aware of a number of areas where Inland Revenue regulations may affect or determine the way payments are made.

8.1 Procedures for personnel/payroll matters

The Board of Directors shall establish procedures for the administration of personnel activities, including appointments, terminations and promotions.

All staff changes and changes to terms and conditions of employment must be authorized and minuted by the Board of School.

8.2 Access to personnel files

The Managing Director should ensure that only authorized staff have access to personnel files and that arrangements for staff to gain access to their own records are in place.

8.3 Proper payroll transactions

Payroll transactions must be kept confidential to all employees and be processed only through the payroll system or by the Managing Director.

8.4 Regular updating of staff employed

The Managing Director should maintain a list of staff employed. School procedures should ensure that this list is updated promptly to reflect new starters and leavers.

8.5 Regular payroll checks

The Chairperson of the Board of School should obtain regular reports on the content of payroll transaction reports and check them against the school's documentation on staffing and pay to ensure that they match. Checks should be carried out between payroll reports and school documentation to ensure that:

- there are no ghost employees;
- staff are being paid the correct rates and allowances; and
- old employees have been removed from the payroll.

The papers should be annotated and signed as evidence that the checks have been made.

8.6 Working time directive

Schools are required to abide by the European Community (EC) Working Time Directive. The basic rights and protections of the Working Time Directive are a limit of an average of 48 hours a week and regular rest periods.

Chapter 9

Petty Cash

Petty cash is useful for making small purchases with a minimum of fuss, particularly if the signatories of the main bank account are not available. Since, however, cash is portable and desirable it is important that proper controls are in place to prevent its abuse or loss. These standards contain petty cash controls covering authorization, documentation and secure storage of cash.

9.1 Agreed level of petty cash

The governing body should set out in writing an appropriate level for the amount of petty cash to be held. This amount should represent a balance between convenience and the risk of holding cash on the premises.

The amount of petty cash held in the school must be kept to a minimum and should never exceed the imprest value of MMK 200,000.

9.2 Security of petty cash

The campus principal should ensure that the petty cash fund is held securely and that only authorized staff has access to it.

All petty cash will be kept in a locked box in the safe and the campus principal will be responsible for its security.

9.3 Proper use of petty cash

Payments from the petty cash fund should be limited to minor items. Minor items of expenditure can be paid for or reimbursed to staff through the school's own petty cash system.

Payments to individuals, e.g. claims for travel, subsistence, and overtime should not be paid through petty cash but processed through payroll.

Expenditure paid through petty cash should not exceed MMK50,000 on any one item.

All purchases made through petty cash should be pre-authorized by the campus principal. Purchases made by the campus principal must be pre-authorized by the Managing Director at least verbally.

9.4 All expenditure supported by receipts

All expenditure from the fund must be supported by receipts. It must be signed for by the recipient and countersigned by an authorized member of staff.

9.5 Proper accounting records kept

Proper records should be kept of amounts paid into and taken out of the fund.

9.6 Monthly independent check on petty cash

The amount in the petty cash fund should be checked monthly against the accounting records and reviewed by the Managing Director. A reconciliation report should be prepared and signed.

9.7 No personal cheques encashed

Personal cheques should not be encashed from the petty cash fund.

9.8 Reconciliation for imprest account

An imprest system is one in which petty cash is funded from a dedicated bank account, which is replenished to keep the balance at a constant level.

If the school has an imprest account, periodic checks should be carried out between the petty cash accounting records and the bank statements and reviewed by the Managing Director.

Chapter 10

Tax

The governing body is responsible, through the Managing Director, for ensuring that the school complies with all tax regulations.

The Managing Director should ensure that all relevant finance and administrative staff are aware of tax related regulations which the school needs to abide by.

Chapter 11

Voluntary Funds

Voluntary funds often provide schools with a substantial additional source of income. Although such funds are not the company's money, the standards for the guardianship of these funds need to be as rigorous as those for the administration of the school's delegated budget. Parents, pupils and other benefactors are entitled to receive the same standards of stewardship for the funds to which they have contributed.

This section applies to all voluntary funds that belong to the school and not, for example, to funds held by other organizations, such as PTAs, which have a connection with the school.

11.1 Separate accounting from school budget

The Managing Director will ensure that any voluntary funds are accounted separately from the school budget.

11.2 Treasurer appointed to oversee the fund

The Managing Director should ensure that a treasurer has been appointed to oversee the funds.

11.3 Independent auditor appointed

The Managing Director should appoint an auditor who is independent of the school. The auditor should not be a member of the governing body.

The auditor may simply be someone with sufficient experience in financial matters to carry out the audit or a qualified accountant.

11.4 Same accounting standards as for school budget

The Managing Director should ensure that the same standards of financial accounting which apply to income and expenditure for the school's delegated budget are applied to the voluntary funds.

11.5 Use for voluntary funds only

Any income which properly relates to the school's delegated budget should not be credited to a voluntary fund.

11.6 Audited accounts to governing body annually

The Managing Director should present the audited accounts, the auditor's certificate and a written report of the accounts to the governing body as soon as possible after the end of the accounting year.

11.7 Procedures for signing cheques

The Managing Director should ensure that every cheque drawn against the voluntary fund bank account is signed by two signatories authorized by the governing body. Normally, the signatories should include the Managing Director and the treasurer of the fund.

11.8 At least monthly banking

Any voluntary fund income should be paid into the relevant bank account at least once a month.

11.9 Procedures for issuing receipts

Receipts should always be issued for any donations or income entering voluntary funds. This is to provide audit evidence and to reduce the possibility of theft. This is particularly important in the case of donations, as there may be no other proof that the income existed, thus facilitating fraud. The receipts should be numbered and copies kept.

11.10 Regular reconciliations with bank statements

The Managing Director should ensure that regular reconciliations between the accounting records and bank statements are undertaken and independently reviewed.

Chapter 12

Assets

Schools often have attractive and portable items of material and equipment ranging from library books to computers, video recorders and televisions. These assets need to be kept securely and recorded in an asset register/inventory.

The campus principal should make the necessary arrangements to identify such items as school property, to record where they are located and to insure them for on-site and off-site use, as appropriate. It is equally important to maintain records of stocks of materials and other useable resources to ensure that educational work is not delayed because of their unavailability and to guard against waste and loss.

It is important that schools have a clear view of how they wish to use their premises resources and will therefore need a plan for the use, maintenance and development of their buildings. This plan is usually considered to be part of the school's development plan.

12.1 Maintenance of stock levels

The campus principal should ensure that stocks are maintained at reasonable levels and subject to a physical check at least once a term.

12.2 Security marking and asset inventories

Up-to-date inventories should be maintained of all items of equipment with a value above MMK25,000 and/or have an estimated life over 12 months. Such items should be identified as school property with a security marking. Such items might include computers, videos, cameras and televisions. The register should contain details covering asset cost, identification number and location within school.

It is vital that the inventory is kept up to date. School procedures should ensure that every time an asset is purchased, disposed of or becomes obsolete the inventory is automatically updated. The inventory will quickly become meaningless if not updated.

This may help the school plan its equipment replacement program. It may also provide evidence in the case of an insurance claim.

12.3 Check on inventories annually

The headteacher should arrange for inventories to be checked at least once a year against physical items. All discrepancies should be investigated and any over a pre-determined sum reported to the governing body.

12.4 Procedures for property taken off site

Whenever school property, for example musical instruments or computers, is taken off the school site it should be signed for and a register noted accordingly.

12.5 Authorization of write-offs and disposals

Items lost, stolen, obsolete or damaged beyond economic repair or surplus items shall be written off or disposed as follows;

- Below MMK25,000 may be written off by the Managing Director.
- Below MMK100,000 may be written off by the Board of School
- Above MMK100,000 may be written off by the Board of Directors
- Capital assets require authorization by the Shareholders

All items written off and disposed off should be reported to the Shareholders for reference and the school's inventory updated.

12.6 Manner of disposal

Schools have a responsibility to ensure that the disposal of assets seeks to achieve best value and is environmentally sound.

12.7 Security of safes and keys

Keys for all buildings and rooms in the school will be held by the campus principal and the keeper. Where keys for certain rooms are held by other individual members of staff, their name will be entered in a 'Keys Register' which will be maintained by the School Office.

Where keypads are used to gain access to buildings, access codes should be reviewed when staff leave or if there is concern that the code has become known.

Keys for the school safe(s) will be held by the campus principal and the accountant. Safes and similar deposits should be kept locked and the keys removed and held in a different location.

Key holders should normally carry keys on their person and keys should not be left in the vicinity of the secure area. The loss of any keys should be reported immediately to the Managing Director and the school's insurers.

12.8 Plan for use, maintenance and development of buildings

The governing body should have a plan rolling forward over a number of years and closely linked to the school development plan, for the use, maintenance and development of the school's buildings.

The campus principal can authorize work to be undertaken on minor emergency building repairs up to a value of MMK50,000 on any one repair. An order/commitment must be raised on the school's financial accounting system as soon as possible thereafter.

Chapter 13

Insurance

All schools have risks against which they should be protected by insurance. Such risks may include third party liability, property, money, personal accident, motor vehicles and fidelity guarantee insurance (to cover the loss of assets due to fraud or dishonesty on the part of employees).

It is important that schools review their exposure to such risks to ensure that cover remains adequate.

13.1 Annual review of risks

The school should review all risks annually to ensure that the sums insured are commensurate with the risks.

13.2 Notification procedures for new risks/changes

The school should notify its insurers as appropriate of all new risks, property, equipment and vehicles which require insurance or of any other alteration affecting existing insurance.

13.3 No indemnity to third parties without authorization

The school should not give any indemnity to a third party without the written consent of its insurers.

13.4 Notification of insurance losses and claims

The school should immediately inform its insurers of all accidents, losses and other incidents which may give rise to an insurance claim.

Chapter 14

Data Security

Most schools are now fully reliant on computers to process and record personal, financial and other management data. Most of the controls in this section therefore cover access to data held on computers. It is important that management information is properly protected from unauthorized access and that it is backed up regularly. It is also important that the school has a recovery plan to ensure continuity of financial management in the case of an emergency.

14.1 Security of assets

Computer systems used for school management should be protected by password security to ensure that only authorized staff have access. Passwords should be changed regularly and changed when staff leave.

For some computer systems it may be necessary to have graded passwords, giving different levels of access, to ensure that no one has inappropriate access. Graded access could, for instance, allow a member of staff to read but not alter records.

14.2 Back-up procedures

The campus principal should ensure that data is backed up regularly, records maintained of the backups and ensure that all back-ups are securely held in a fireproof location, preferably off site. It is also important to check that the backed up data can be restored.

14.3 Recovery plan for emergency

The campus principal should establish a recovery plan to ensure continuity of financial administration in the case of emergency.

14.4 Protection against computer viruses

To prevent viruses being imported, only authorized software should be used. Software and data can be protected against viruses in two main ways:

- by installing and regularly updating anti-virus software
- by blocking the use of unauthorized software

Chapter 15

Audit

The Managing Director and the Board of School shall be responsible for maintaining a continuous internal audit of the financial records, operations and systems of the school. It shall be the responsibility of the Board of School to hire a qualified public auditor at least once a year, usually at the end of a financial year for the purpose of auditing the financial records and all records pertaining to the finances of the school, e.g. the school's assets register/inventory.

15.1 Access to schools records

The auditor(s) or his/her authorized representatives shall have authority at all reasonable times to visit the school and have access to all records, correspondence and property of the school and may require such additional information or explanation thereof as considered necessary.

15.2 Audit recommendations

The Managing Director should consider and respond promptly to recommendations in audit reports and report to the governing body the results of audits and any action to be taken by the school.

15.3 Reporting irregularities

Whenever any matter comes to notice which involves or is thought to involve irregularities concerning the implementation of these regulations, cash, stores or other property of the school, the relevant authority shall forthwith be notified.

Chapter 16

Self-Evaluation

The Board of School must establish a system for self-evaluation and conduct self-evaluation at least once a year on its control of the school finances.

The self-evaluation tool must set out standards of financial management and control for schools which allows schools to probe their compliance with the standards through a series of scored self-evaluation questions and provides good practice guidance, feedback tables and a prioritized action plan.

Chapter 17

Capital Projects

Any operation and project of the school that cost more than MMK5,000,000 shall be defined as capital project. The followings are set out as a brief guide to any capital projects. Due of the complexity involved in capital projects, such as building and construction works, the governing body is recommended to seek legal and expert advice before proceeding. The governing body may also need to consider contracting/tendering the project.

17.1 Projects approval

The approval of the Board of Directors must be obtained for any capital projects.

17.2 Funding for Capital Projects

An estimate of anticipated cost must be prepared in advance and no project should be entered into without ensuring adequate funding is in place. The ongoing revenue implications of any capital project should also be considered.

A cash flow analysis should also be undertaken to ensure that adequate funds are available to pay the contractor on time as appropriate.

17.3 Risk Assessment

For all contracts over MMK5,000,000 a risk assessment must be completed before inviting tenders to identify how to protect the school, governing body and the Council against downside risks, contract slippage and overrun.

17.4 Responsible Officer

All capital projects need a named responsible officer who will act as the key contact for all purposes relating to the project. The named responsible officer must be a member of the Board of School.

The school can employ an agent to undertake the management of the project. However, this does not negate the need for a member of the Board of School to be the named responsible officer.

17.5 Capital Accounting

The school's capital expenditure and income must be accounted separately from its revenue expenditure and income.

Certificate

This is to certify that the foregoing is a true and correct copy of the Financial Regulations and Standing Orders of Amazon Private School named in the title thereto and that such Bylaws were duly adopted by the Board of School on the date set forth below.

Date: November 19, 2016

Secretary