

# **Regent College London FZ LLC**

## **FINANCIAL MANAGEMENT POLICY AND PROCEDURES**

**2025**

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## **1. GENERAL PURPOSE**

The purpose of the Regent College London's (RCL) Financial Management and Internal Controls Policy is to establish guidelines for control of the administration and implementation of RCL funds in accordance with RCL's goals and objectives; to properly safeguard the assets of RCL to make sound financial decisions and have the ability to provide accurate financial reports.

RCL accounts for and presents basic financial statements according to IFRS, International Financial Reporting Standards.

This Policy governs the financial management system of RCL.

## **2. FINANCIAL RESPONSIBILITIES**

This policy and any later changes shall be submitted to the Directors for approval who are responsible for ensuring that any policy to be adopted is appropriate for RCL.

The Directors appoint and delegate financial and budget authority to the CEO and CFO. The Finance team oversee the day-to-day financial management activities of RCL's funds, ensuring the accuracy of the accounting records, internal controls are in place and adhered to, financial reports are prepared and communicated to the CEO timely.

The Finance team under the auspices of the CFO Office are responsible for the preparation and maintenance of the accounting software's chart of accounts, maintenance of the general ledger, reconciliation of subsidiary system accounts such as cash management, accounts payable, accounts receivable, job costing, payroll, journal entries, and responsibility of preparing required reports.

## **3. ACCOUNTING METHODS & STANDARDS**

Accounting methods employed by RCL shall, at a minimum, satisfy good Governance requirements and any associated regulations or guidelines. Additional accounting methods shall be employed to satisfy applicable government accounting standards promulgated by such competent authoritative sources.

## **4. REVENUE RECOGNITION**

Revenue shall be recognized in the accounting period in which they are earned and measurable. RCL's major revenue categories are:

- Revenue: Revenues are recognized when received.
- Other Income: Revenues are recognized as earned.
- Interest and Dividend Income: Revenues from interest and dividend income from cash and investments, and interest from mortgage loans issued to borrowers are recognized when earned.
- Gain/Loss on sale of assets: A gain or loss is recognized when an asset is sold or disposed of.

## **5. EXPENSE RECOGNITION**

- Expenses are generally recognized in the accounting period in which they are incurred, when measurable. Exceptions to this general rule include:
- Prepaid Expenses: Expenses are recognized as they are used or consumed.
- Capital Assets: Assets are recorded at historical costs and expensed through depreciation over the useful life of the assets.

## **6. ACCOUNT RECORDS, IDENTIFICATION, AND SOURCE DOCUMENTS**

RCL's financial management system must be set up so that it can provide for the following:

RCL must maintain adequate accounting records that are supported by source documents which are the basis for the accounting transactions that are entered into RCL's accounting system. Examples include checks, invoices, copies of checks and receipts, timesheets, etc.

RCL must maintain records which adequately identify the source and application of funds provided.

## 7. RECORDS AND INFORMATION MANAGEMENT

RCL shall apply uniform rules for RCL's records (including financial) and information which meet legal standards and best practices for effective records and information management for existing records and yet to be created records and shall apply to all employees and contractors who generate information for RCL.

RCL shall ensure:

- Control of all RCL's information, regardless of media form;
- Records are retained;
- Records are maintained and stored in a manner that is secure and accessible through the retention period;
- Appropriate safeguards are in place against illegal access, removal, loss, or destruction of RCL's records and information;
- Disposal of records and information is performed in accordance with an approved records retention schedule.

## **8. FINANCIAL REPORTS**

RCL must be able to produce accurate, current, and complete disclosure of the financial results of each of the financially assisted activities made in accordance with the financial reporting requirements that RCL operates under. RCL shall use the financial reports as tools to manage, control, ensure compliance, monitor, and inform RCL on its financial activities.

Directors' reports: RCL shall prepare and make available to management and the Council/Board on a monthly basis, financial reports to include:

- Statement of Net Position.
- Statement of Revenues, Expenses, and Changes in Net Position.
- Statement of Cash Flow.
- Budget to actual reports detailing significant variances of sources and uses of funds as a management tool.

## **9. CASH MANAGEMENT POLICY**

RCL recognizes the importance of cash management to insure there are sufficient funds to pay for expenses of operation. The CFO shall be responsible for monitoring the daily cash flow and balances of all cash funds, including investments.

On a monthly basis, the CFO shall provide a report that shows the cash position from all sources that are accounted for in the cash accounts and investment accounts, along with bank and investment statements.

The CFO shall be responsible for providing monthly reports to the Directors, to include:

- Book cash and investment position reports;
- Cash flow projections for the following month;
- Investments statements from the depository or the broker that show the activities of the accounts, such as amounts deposited and withdrawn, investment revenues, fees, and gains or losses on investment.

If at any time, the CFO finds RCL in a potential cash deficiency situation, the Director must be notified immediately.

## **10. BUDGET ADMINISTRATION**

### **Budget Responsibility and Adoption:**

RCL's annual budget represents a financial plan for management to carry out the objectives of RCL's activities. The CFO are responsible for preparing the annual budget and are responsible for presenting the annual budget to the Directors for final approval.

Total projected revenues or sources and uses of funds are identified and included in the annual budget, allowing for inclusion of all funding sources and all funding outlays during the budget period.

### **Budget Preparation Timing:**

The budget process should begin early in the fiscal year to allow RCL key staff to engage in the process and present the budget to the Directors for approval.

Once the budget has been approved, the CFO shall input the approved budget in the accounting system for the new fiscal year.

### **Budget Management and Report:**

Functional Leads shall be responsible for managing transactions that are charged against their department budgets and are accountable for ensuring their department revenues and expenses posted against their department budget are accurate and are responsible for providing justifications on budget variables.

## **11. PURCHASE OF GOODS AND SERVICES**

RCL's purchases shall be governed by the approved procurement policy, which establishes guidelines to ensure reasonable buying practices and competition, quality and integrity.

## **12. CAPITAL ASSETS**

Capital assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with IFRS. Capital assets include:

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

RCL shall comply with its capital asset procedures that provides guidance for employees to manage and safeguard RCL's capital assets, including active management of assets with processes in place for tracking additions through purchases and donations, disposition, and depreciation.

Adjustments for depreciation should be made as necessary and tracked with a capital asset depreciation schedule. At a minimum, the schedule should include Capital asset classification (for example, Land, Equipment, Building), description of the assets, initial costs or fair market value of the asset, depreciable life, date purchased, accumulated depreciation, current year depreciation, and net asset value at the end of the year.

## **13. AUDIT**

RCL shall have a financial audit completed annually by a certified, external, independent accounting firm, unless RCL is required by constitution or statute, to undergo audits biennially. The CFO shall have direct responsibility in overseeing the implementation of the audit.

The CEO and CFO shall make available the completed audit report to the Directors. The auditors shall present the audit to the Directors for them to approve and accept.

## **14. PETTY CASH**

The purpose of the fund is to have a small amount of cash available for paying small amounts owed, rather than writing a check. The petty cash shall be in the safekeeping of the designated custodian who shall keep track of payouts from the fund with receipts. At all times, the amount of cash on hand and the receipts shall total the amount of authorized petty cash. When the cash in the petty cash fund is low, the custodian shall request a check to replenish the cash that has been paid out. The fund shall be subject to surprise audits.

## **APPENDIX 1: EFFECTIVE INTERNAL CONTROLS AND ACCOUNTABILITY**

Notwithstanding the policies described earlier in this document, RCL has established a number of internal control procedures to ensure:

- RCL shall take prompt action to correct identified instances of noncompliance including noncompliance identified in audit findings;
- RCL must take reasonable measures to safeguard sensitive information
- In addition, RCL has established written procedures to implement internal controls over cash handling and requirements for payment methods that:
  - Ensure there are sufficient funds to cover payments made for operations activities;
  - Ensure adequate internal controls are in place in the handling of cash receipts from the time of receipt to deposit in the appropriate depository or broker account;
  - Establish adequate internal controls and written procedures to ensure payments are made only for approved purposes;
  - Maintain adequate accounting records for cash receipts and payments.

### **Separation of Duties**

This Policy is based on the principle of separation of duties. Accordingly, no single person shall have the authority to authorize a transaction, execute a transaction, record a transaction, and have custody of any resulting assets.

### **Cash Disbursement Control Procedures**

The Directors shall approve by resolution a spending and signing authority for the CEO, CFO and key managers to identify and enable authorized personnel to:

- Procure products and services through requisitions, check requests, or credit card services.
- Sign contracts and change orders for an authorized amount.
- Sign British checks.

All checks require two authorized signatures. The CFO shall oversee the proper notification of RCL banks whenever authorized signature changes are made.

All debts representing allowable and authorized costs shall be paid promptly upon receipt of proper invoices/billing statements.

All disbursements shall be made by check. The CEO may approve other forms of disbursement, such as wire or electronic funds transfers.

All checks shall be pre-printed and shall bear the name and address of the RCL.

### **Special Procedures Regarding Payroll Disbursement.**

RCL shall have written authorizations on file for all employees that cover their rates of pay withholdings and deductions.

The CFO or his/her designee shall establish adequate timekeeping controls (including the use of time sheets) and there shall be supervisory review and approval of all employee time/leave records prior to issuance of a check.

The CFO of RCL or his/her designee shall prepare payroll checks.

### **Credit Card Control Procedures**

With the advice and consent of the Directors of RCL, credit cards may be made available to designated employees of RCL consistent with their job duties and professional responsibility.

Credit cards are for authorized business expenditures of RCL and are not intended to be used by employees as a substitute for personal credit cards.

The Executive Director must authorize business expenses before charges are incurred on company credit card(s) in accordance with applicable RCL policies, procedures and practices.

Employees shall submit receipts for all expenses charged to company credit card(s) to the Directors of RCL or his/her designee within one week of the transaction.

The CFO of RCL or his/her designee shall examine billings for all company credit cards to ensure that all charges are valid. If there are incorrect charges, the CFO or his/her designee shall notify the Director immediately and shall complete and return any forms necessary to dispute such charges to the credit card company. If an employee with knowledge of an incorrect or disputable charge fails to report such charge within a reasonable time, he or she may be liable to RCL for any resultant charges and may be subject to disciplinary action up to and including termination of employment.

Employees who incur ineligible or disallowed costs on company credit cards shall reimburse RCL for such charges within thirty (30) calendar days of the date such charges were incurred and may be subject to disciplinary action up to and including termination of employment.

Charges shall not be incurred in excess of the credit card's established credit limits. If a higher limit is required, a request for a new credit limit and supporting documentation shall be submitted to the CEO for approval.

Lost or stolen credit cards shall be reported to RCL and to the credit card company immediately and not later than the first business day after discovery of the loss. Employees who fail to report lost or stolen credit cards may be held liable for any charges and may be subject to disciplinary action up to and including termination of employment.

Employees shall surrender company credit card(s): (1) upon demand by RCL, (2) when there is no longer a business need for the card and/or (3) upon termination of employment. Cancelled credit cards shall be returned immediately to RCL and properly destroyed. Surrender or cancellation of a credit card does not discharge any responsibilities incurred up to and including the date of such action.

### Version Control

Version	Author	Amended by	Date	Comments
1.01	DoS	DGS	26/3/2024	Policy approved by RCL Governance Committee
2.01	DoS	DGS	26/3/2025	Policy reviewed by RCL Governance Committee