

SERVICE LEVEL AGREEMENT – FINANCIAL SERVICES **2020- 2023**

- **BANK AND INVESTMENT MANAGEMENT (CONTROL TEAM, CENTRAL ACCOUNTANCY UNIT AND INVESTMENT AND TREASURY MANAGEMENT UNIT)**
- **PAYMENTS**
- **INCOME & CASH RECEIPTING**

Contents:

Bank and Investment Management (Control Team, Central Accountancy Unit and Investment and Treasury Management Unit)

Payment of bank charges, investment to attract interest, together with the work of managing bank costs and reconciling bank accounts, in addition to administering “office stationery”.

Payments

The relevant element of the Unit’s work which pays schools’ invoices, related systems, (e.g. BACS), related costs (e.g. postage), occasional materials (e.g. cheques), and relevant adviser support. Together with the basic service of paying invoices, there will be expertise and guidance re: CIS, VAT, avoidance of duplicate payments, defending claims for late payments, etc.

Income and Cash Receipting

Providing the opportunity to pay cash into a local bank or Post Office. Processing costs (for financial accounts and management records) of school meals income and cash, and other “devolved” income and cash. Together with the basic service of processing income and cash, there will be considerable expertise as regards debt recovery and liaison as regards regular “banking”, VAT expertise, etc.

Contract Price

Service price will correspond to the school’s financial allocation.

Agreement Length

3 year agreement from 1 April 2020 to 31 March 2023.

Terms for ending the agreement

The agreement is operative for the period April 2020 to March 2023 and cannot be terminated by any party until the end of this period.

Statement in respect of Confidentiality and Disclosure

The Finance Department Units will treat as totally confidential all information received and no such information will be disclosed to any unauthorised party. This is in accordance with all relevant requirements of the Data Protection Act.

SERVICE LEVEL AGREEMENT
BANK AND INVESTMENT MANAGEMENT (CONTROL TEAM, CENTRAL ACCOUNTANCY UNIT AND INVESTMENT AND TREASURY MANAGEMENT UNIT)

1. SUMMARY OF THE SERVICES PROVIDED

General

- Payment on schools' behalf of all bank and post office charges relating to schools' normal banking activity (school budget, not unofficial funds).
- Ensuring that all aspects of banking procedures are thoroughly dealt with.
- Provide professional expertise in areas such as investment and borrowing so as to maximise the interest on balances.
- Provide VAT expertise.

Investments and Interest on Balances

- Investment of schools balances as part of the overall investments on behalf of the Council. This improves the interest available and covers any periods where an individual school has an overdraft. The interest is credited annually to the schools. In the current investment market interest on investments is very low. The priority is to protect the balances invested rather than look for higher interest rates. In the current market conditions it is possible that negative rates may be offered in the future which means paying for keeping balances on deposit. Any costs incurred in this way will be charged to school balances in the same way as interest is credited. Schools will be notified if this happens.

Value Added Tax (VAT)

- All aspects of Value Added Tax expertise. Answer tax enquiries, prepare the monthly claim to HM Revenue & Customs, prepare VAT handbooks and consider whether VAT on all aspects of income and expenditure is dealt with correctly and in the most effective manner. Prepare codes of practice, negotiate with HM Revenue & Customs, and respond to any matters arising during HM Revenue & Customs inspections. Specifically, ensure that any transactions regarding the sale of property are correctly dealt with, to avoid the possibility of crossing the partial exemption threshold. Visit schools during HM Revenue & Customs inspections, to respond immediately to enquiries.

Office Stationery

- Distribute/order/manage controlled office stationery. This includes ensuring a stock of bank / Post Office paying-in books to be provided for schools.
- Control the system of prepaid envelopes. Including obtaining quotes, ordering, paying bills, recording, distribution and charging for envelopes supplied.

Petty Cash Imprest

- Inspect/record and organise payment of petty cash imprest claims. Including inspecting codes, VAT aspects, reconciliation and ensuring that appropriate receipts for all items of expenditure are attached.

- Reconcile petty cash imprest levels to the central records on a periodic basis, ensuring they conform to the figure in the final accounts.
- Organise the distribution of an imprest level certificate before the end of March each year (TR25) and ensure it is returned. This is a crucial requirement by the Wales Audit Office.

2. STANDARD OF SERVICE

- The intention is to provide a professional and effective service of the highest standard to the Schools Service which will meet the requirements of that Service.

3. AGREEMENT LENGTH

- The service will be provided for the three financial years 2020/21, 2021/22 and 2022/23

4. RESPONSIBILITIES OF THE SERVICE PROVIDER AND RESPONSIBILITIES OF THE SCHOOL SERVICE

Banking

- The service provider will arrange to reconcile the Council's bank accounts monthly. In the case of schools who choose not to join a Service Level Agreement with the Control Section, it is expected that a school would provide, either in written form, or as an Excel file, a copy of the school's monthly bank account reconciliation statement. It is expected that this would include a list of cheques not presented at the end of the period, a list of cheques presented, and clear information regarding any items treated incorrectly by the bank, together with details of cancelled cheques and cases where replacement cheques have been prepared. Copies of bank statements to be sent at the same time, with clear reconciliation back to the bank balance, and proof that the "run" of cheques is complete.

Imprest claims

- It is expected that every school will submit a monthly imprest claim for reimbursement of expenditure on their imprest accounts. The service provider will process each imprest claim (assuming that the claims are correct and complete) within 10 working days, and will pass them on to Payments Unit to be paid. The service provider will also require each school to prepare an annual endorsed certificate (TR25) of the imprest level and any float which the school holds, for the end of March. These certificates are reconciled to the Council's general ledger system. This is a requirement by both the internal and external Auditor. In the case of schools who choose not to join a Service Level Agreement with the Control Team, Central Accountancy Unit it is expected that a school would reconcile their own imprest accounts, and prepare an annual endorsed certificate for the end of March.

VAT

- The service provider will prepare the monthly VAT claim to HM Customs and Excise. In the case of schools who choose not to join a Service Level Agreement with the Control Team, Central Accountancy Unit it is expected that the school will provide, within seven days of the end of each month, clear information on Value Added Tax - the statement to show, separately, an income and expenditure analysis, broken down into four categories:-

- Standard Rate
- VAT exempt
- Zero Rated
- Non-business

with the total VAT on standard rate items being shown.

HM Revenue & Customs have very strict penalties for not meeting their VAT requirements. For making a misdeclaration, a penalty of up to 30% of the sum in question is charged, and in cases of late information, they charge interest at a “commercial rate” on the sum in question. The responsibility for any such penalty incurred by the Council because of the failure of an individual school shall fall on that school’s budget.

Investments and Interest on Balances

- In the case of schools who choose not to join a Service Level Agreement with the Investment and Treasury Management Unit, it is expected that they will provide an analysis of interest received and any interest paid during the financial year.

5. STATEMENT IN RESPECT OF COMPLIANCE WITH LEGAL AND MANAGERIAL REQUIREMENTS

- The Finance Department Units operate under the Council’s Financial Regulations, and conform with the requirements of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom and the Service Reporting Code of Practice.

6. ARRANGEMENTS FOR MONITORING AND REPORTING ON THE SERVICE

- The monitoring arrangements will be consistent with, and reflect the relevant monitoring and performance management arrangements operated by the Council, and will comply with nationally accepted good working practices and standards.

7. COSTS AND PAYMENT ARRANGEMENTS

- In the case of schools who choose not to join a Service Level Agreement with the Control Team, Central Accountancy Unit, they will have to face all the costs and administration regarding the school’s local bank account. The school would be responsible for investing any surplus funds and obtaining bank agreements for any overdraft facilities which may be needed from time to time along with any costs incurred in these activities.

8. HOW DISAGREEMENTS WILL BE RESOLVED

- Any complaints or comments about the service should be directed, in the first instance, to the attention of the relevant officer as soon as possible. Discussions to try and resolve any complaint to the satisfaction of both parties will take place on an informal basis initially.
- If it is not possible to reach an agreement on an informal basis, then the matter will be escalated to Senior Management within the Finance Department.

CONTACT POINTS FOR ENQUIRIES REGARDING THE “BANK AND INVESTMENT MANAGEMENT” SERVICE LEVEL AGREEMENT

<u>Name</u>	<u>Title</u>	<u>Location</u>	<u>Phone</u>	<u>e-mail</u>
Gill Rowlands	Senior Control Technician	Central Accountancy Unit, Headquarters Caernarfon	01286-679592 (Ext. 32592)	GillRowlands@gwynedd.llyw.cymru (Rowlands Gill (CYLLID)) DesgRheolaethCyfrifeg@gwynedd.llyw.cymru (Desg Rheolaeth Cyfrifeg)
Lisa Marie Jones	Capital and Projects Assistant Accountant	Central Accountancy Unit, Headquarters, Caernarfon	01286-679141 (Ext. 32141)	LisaMarieJones3@gwynedd.llyw.cymru (Jones Lisa Marie (CYLLID)) DesgTAW@gwynedd.llyw.cymru Desg TAW
Marina Parry Owen	Pensions and Investments Officer	Investment and Treasury Management Unit, Headquarters, Caernarfon	01286-679617 (Ext. 32617)	MarinaParryOwen@gwynedd.llyw.cymru (Owen Marina Parry (CYLLID)) UnedBuddsoddi@gwynedd.llyw.cymru (Uned Buddsoddi)

Contact the officers below if you have any enquiry regarding this service and/or this agreement:

Banking – Gill Rowlands
 VAT – Lisa Marie Jones
 Investment – Marina Parry Owen

It is also possible to contact your relevant Accountant in the Development Finance Unit in the usual manner regarding any financial matter or any aspect of the Finance Department.

SERVICE LEVEL AGREEMENT

PAYMENTS UNIT

1. THE SERVICES OFFERED

- The provision of a service to process all invoices received by schools and to ensure that each invoice is paid promptly and correctly, in accordance with the Councils Financial Regulations and Tax Rules.
- Making cheques and BACS payments to suppliers.
- Ensure that the sum of each payment is correct and made to the correct creditor.
- Use the Payments System to avoid duplicate payments, and deal with any duplicate payment made.
- Ensure that all credit notes are processed immediately, and collect any monies due.
- Use the Payments System to control payment times in order to ensure a cash flow which attracts interest on balances, while avoiding the administration involved in late payments.
- Ensure that each payment is made in accordance with VAT rules, produce relevant reports for the monthly VAT return for HM Revenue & Customs.
- Give advice on problems relating to VAT on invoices.
- Ensure that payments are made in time to avoid interest due under the Late payments of Commercial Debts Interest Act. Deal with applications for interest on late payments, and be responsible for any payment where the invoice has reached the Payments Unit within 20 days of the date of the invoice.
- Ensure that the Construction Industry Scheme is implemented. Ensure that each relevant deduction is made, and that the Contractors Monthly Return and the money due are sent each month to the Inland Revenue. Be responsible for any fine (which may be £3,000 per invoice).

SPECIFIC DOCUMENTS

- Direct electronic transfer of invoices by Secondary Schools using forms TR256 for batching and the certifying of invoices.
- Primary Schools using coding slips TR252 to certify invoices

2. STANDARD OF SERVICE

- The intention is to provide an effective and professional service of the highest standard to the Schools Service which will meet the requirements of that Service.

3. AGREEMENT LENGTH

- The service will be provided for the three financial years 2020/21, 2021/22 and 2022/23.

4. RESPONSIBILITIES OF THE SERVICE PROVIDER AND RESPONSIBILITIES OF THE SCHOOL SERVICE

- Provider:- Provision of the service using the necessary skills and abilities expected for such a service and in a proactive manner which meets the expectations of the Schools Service as regards the standard of the service.
Communicate with the Schools Service in order to inform the same of any problems etc.
Strive to meet any targets where practical.
Respond to any complaints as soon as possible.
- Schools:- Inform the Payments Unit whenever possible on all matters which may have an effect on daily procedures and strive to do this as soon as possible e.g. (discrepancies and errors).
Inform the Payments Unit of any special or exceptional requirements as soon as possible.
Consult in advance with the Contact Point if there are any changes to schemes or the requirement to perform extra or exceptional tasks which may place unusual pressures on the level of service by Payment Unit.

5. STATEMENT IN RESPECT OF COMPLIANCE WITH LEGAL AND MANGERIAL REQUIREMENTS

- The Payments Unit operates under the Council's Financial Regulations and it is therefore expected that the Schools Service will also conform.

6. ARRANGEMENTS FOR MONITORING AND REPORTING ON THE SERVICE

- The Payment Unit aims to process all invoices within 5 working days of receipt by the Schools. Therefore the timeliness of the service can be assessed by confirming if the invoice has been paid within 5 days of receipt by the Payments Unit.

7. HOW WILL DISAGREEMENTS BE RESOLVED

- Any complaints or comments about the Payments Unit should be directed to the Senior Payments Officer in the first instance and as soon as possible.
- An attempt will then be made to resolve the matter by discussion and to the satisfaction of both parties.
- The aim is to resolve problems as soon as possible and to the satisfaction of the complainant and it is often easier to achieve this aim via informal means.
- If satisfaction is not achieved informally then the matter may be escalated to Senior Management within the Finance Department.

CONTACT POINTS FOR ENQUIRIES REGARDING "PAYMENTS" SERVICE LEVEL AGREEMENT

<u>Name</u>	<u>Title</u>	<u>Location</u>	<u>Phone</u>	<u>e-mail</u>
Chris Parry	Senior Payments Officer	Payments Section Headquarters Caernarfon	01286-679457 (Ext. 32457)	ChristopherDavidParry@gwynedd.llyw.cymru (Parry Chris David CYLLID)

Contact the above officer if you have any enquiry regarding the "Payments" service and/or this agreement.

You may contact your relevant Accountant in the Development Finance Unit in the usual manner concerning any financial matter or any aspect of the Finance Department.

SERVICE LEVEL AGREEMENT **INCOME AND CASH RECEIPTING UNIT**

1. THE SERVICES PROVIDED

The provision of a service to process and account for all income and cash received by Schools and ensuring that such income and cash is reflected accurately and promptly in the accounts. Also the provision of a service to create, print and despatch sundry debtor invoices together with arrangements to recover such debts on behalf of the Schools Service when necessary.

This will be achieved by :-

- Providing the opportunity for schools to pay cash (school meals income, instrumental music lessons, etc.) either into the Council's bank (Barclays) or a local Post Office.
- Processing income and cash received by schools for their services e.g. school meals, income from lettings, sale of milk, music lessons and sundries such as telephone calls, photocopying etc.
- Ensuring that the various income and cash elements are reflected in the financial ledgers in accordance with the information received. This will be achieved by receiving, scrutinising and preparing the TR34, TR182P, TR182C forms as well as the bank (Barclays) and Post Office paying-in slips and processing the same. Schools use an amalgamation of the documents referred to above depending upon local circumstances.
- Processing all the income directly credited to the Council's (Barclays) bank account from the "School Comms." system and ensuring that such income is reflected in the financial ledger.
- Receiving and banking weekly any cheques from those schools which use the Post Offices because of excessive processing costs
- The recovery of amounts which have been invoiced and which are overdue on behalf of the Schools Service where necessary (which includes legal support and advice when required).
- Ensuring that the correct liability in respect of Value Added Tax (VAT) is followed by the Schools Service in respect of all income and invoices (including the support and advice of the VAT consultant when required).

2. STANDARD OF SERVICE

- The intention is to provide an effective and professional service of the highest standard to the Schools Service which will meet the requirements of that Service.

3. PERIOD OF PROVIDING THE SERVICE

- The service will be provided for the three financial years 2020/21, 2021/22 and 2022/23.

4. RESPONSIBILITIES OF THE SERVICE PROVIDER AND RESPONSIBILITIES OF THE SCHOOLS SERVICE

- **Provider:-**

Provision of the service using the necessary skills and abilities expected for such a service and in a proactive manner which meets the expectations of the Schools Service as regards the standard of the service.

Communicate with the Schools Service in order to inform the same of any problems etc. Strive to meet any targets where practical.

Respond to any complaints as soon as possible.

- **Schools:-**

Inform the Income and Cash Receipting Unit whenever possible on all matters which may have an effect on daily procedures and strive to do this as soon as possible e.g. (discrepancies and errors).

Inform the Income and Cash Receipting Unit of any special or exceptional requirements as soon as possible e.g. amendments to timetables etc.

Consult in advance with the Contact Point if there are any changes to schemes or the requirement to perform extra or exceptional tasks which may place unusual pressures on the level of service by Income and Cash Receipting Unit.

5. STATEMENT IN RESPECT OF COMPLIANCE WITH LEGAL AND MANGERIAL REQUIREMENTS

- The Income and Cash Receipting Unit operates under the Council's Financial Regulations and it is therefore expected that the Schools Service will also conform.

6. ARRANGEMENTS FOR MONITORING AND REPORTING ON THE SERVICE

- The Income and Cash Receipting Unit aims to validate and process the various documents within 3 working days of receipt by the Schools. Therefore the timeliness of the service can be assessed by confirming if the information is reflected in the accounts or not.
- The Financial Regulations suggest that income should be banked daily where practicable and at least on a weekly basis therefore it is possible to monitor and report upon the regularity of banking by individual Schools by scrutinizing bank statements.

7. HOW WILL DISAGREEMENTS BE RESOLVED

- Any complaints or comments about the Income and Cash Receipting Unit should be directed to the Income Manger in the first instance and as soon as possible.
- An attempt will then be made to resolve the matter by discussion and to the satisfaction of both parties.
- The aim is to resolve problems as soon as possible and to the satisfaction of the complainant and it is often easier to achieve this aim via informal means.
- If satisfaction is not achieved informally then the matter may be escalated to Senior Management within the Finance Department.

CONTACT POINTS FOR ENQUIRIES REGARDING THE "INCOME AND CASH RECEIPTING" SERVICE LEVEL AGREEMENT

<u>Name</u>	<u>Title</u>	<u>Location</u>	<u>Phone</u>	<u>e-mail</u>
Stephen O. Williams	Income Manger	Income Unit Council Offices Caernarfon	01286- 682669 (Ext. 34669)	StephenOwenWilliams@gwynedd.llyw.cymru (Williams Stephen Owen CYLLID)
Siwan Mair Ifans	Reconciliation and Administrative Officer	Income Unit Council Offices Caernarfon	01286- 682676 (Ext.34676)	SiwanIfans@gwynedd.llyw.cymru (Ifans SiwanMair CYLLID)

Contact the above Officers if you have any enquiry regarding the "Income" service and/or this agreement.

You may in the first instance contact your relevant Accountant within the Development Finance Unit in the usual manner concerning any financial matter or ant aspect of the Finance Department.

