

### **3.0 FISCAL MANAGEMENT**

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### 3.10 Annual Operating and Capital Budgets

The Board of Trustees is empowered to establish policy pertaining to the preparation of the annual school budget, including revisions of the budget that may be necessary during the school year. The School does not seek to make a profit; however, the Board of Trustees recognises that financial management comprises the fundamental support of the whole school programme. To make that support as effective as possible, it is the policy of the Board of Trustees to:

#### Guidelines

- Accounts and reports will be kept in accordance with accepted budget control and accounting practices;
- encourage advance planning through the best possible budget procedures;
- explore all practical sources of income;
- provide policy guidance to budgeting and management of school finances, so that adequate financial strength is maintained.;
- ensure top quality accounting and reporting procedures are adhered to;
- maintain the level of expenditure needed to provide high quality education.
- establish and maintain an operating/capital reserve fund with a target balance of £3,000,000 to £4,000,000 (this may be increased by the Board of Trustees for specific capital projects, ref. 3.50.1).
- minimise any debt for the School.

It is the Board of Trustees' responsibility to approve the annual operating and capital budget for the ensuing year. The budget should be adequate to finance ongoing programmes, provide for additions or changes dictated by the projected needs of the School, and include a contingency to allow for the uncertainties of forecasting. The annual operating budget should include **operating** costs (salaries, benefits, transportation, plant operation and maintenance, and similar recurrent costs). **Capital** expenditures (construction of new buildings, acquisition of new land or purchase of major capital equipment) will be included in a separate capital budget. The operating budget should be prepared on the basis that the income will exceed the operating costs and the surplus income will be added to the Operating Surplus.

#### Budget Details

- Income (i.e. Tuition, Interest, Registration Fees, Sale of School Property, Donations, Grants, Facility Rental, and other miscellaneous incomes)
- Expenditure (i.e. Administration, Instruction, Transportation, Plant Operation, Maintenance, Fixed Charges, Athletics, Student Activities, School Publications, Advertising, International Baccalaureate, Corporate Expenditure, Construction, Accreditation, Catering, Health, Provisions for Taxes on Payroll, and Other)
- Capital/Contingency Fee (i.e. Capital/Contingency Fee, Debt Service Costs)
- Operating Surplus Fund
- Projected Enrolment (Full-Fee Paying, Discounted Rate, Financial Support, and Scholarship Students)
- Consideration of Historical Data with regard to the topics above.

Before the budget is adopted, the Board's Finance Committee shall study the School's programme in its relation to the present and projected needs of the students, the parents, and the community.

### **3.10.1 Fiscal Year**

The fiscal year for ISA is from 1<sup>st</sup> August each year to the following 31<sup>st</sup> July. The budget and all financial reports including the audited financial statements will be prepared using the fiscal year starting on 1<sup>st</sup> August of each year.

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### **3.10.2 Budget Preparation**

The preparation of the yearly fiscal budget is the responsibility of the Head of School, with the assistance of the Finance Manager, the Finance Committee, and other representatives of the professional staff. The preliminary budget shall be reviewed by the Finance Committee prior to its submission to the full Board of Trustees.

Professional staff salaries form the largest expenditure in the budget. Recognising this, the Board of Trustees, no later than at its January meeting of each year, shall approve staffing for the ensuing school year (note: this is required for the Administration to attend recruiting sessions for new teachers). Prior to presenting the staff salaries schedule to the Board of Trustees, the Finance Committee will review the proposal after consultation with the Head of School and, if appropriate, representatives of the professional staff.

### **3.10.3 Budget Deadlines and Schedules**

The Board of Trustees considers budgeting as a year round activity and the preparation of the budget will be scheduled in stages throughout the school year, from the gathering of basic data through to the adoption of the final budget. The annual budget shall be reviewed by the Finance Committee before requesting final approval by the Board of Trustees.

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### **3.10.4 Budget Revision, Supplements and Approvals**

#### Approvals

The Board of Trustees shall approve the budget for the ensuing school year ideally by its April meeting, but no later than its May Board meeting. Once approved, the Board of Trustees and its Administration shall regard the budget as a guide for all spending for the ensuing financial year; it is the intention of the Board of Trustees to expend funds only within the limits of the budget as approved.

#### Revisions/Supplements

A revised budget will be prepared by the Finance Manager for approval by the Board of Trustees at its October Meeting.

The Board of Trustees, mainly through the actions of the Treasurer assisted by the Head of School and the Finance Manager, shall be responsible for the control and periodic reconciliation of the annual budget against actual costs incurred.

### **3.10.5 Periodic Budget Reconciliation**

The Head of School shall ensure that the Finance Manager provides a monthly financial report of actual income and expenditure versus the most recently approved budget. This reconciliation of the income and expenditures will clearly identify any line item transfers that have been made. The reconciliation will endeavour to reflect the position of each line item at the end of the fiscal year, so that variances can be identified and provided for as early as possible. This variance analysis should identify items that require remedial actions.

### **3.10.6 Budget Line Item Transfer Authority**

The Board of Trustees authorises the Head of School to transfer funds, within an approved budget without the prior approval of the Board of Trustees as required.

In no case shall the Head of School be permitted to exceed the total approved budget amount without prior approval of the Board of Trustees.

The Head of School, with the assistance of the Finance Manager, shall submit to the Board of Trustees monthly a revised Financial Report of actuals versus budget, reflecting any changes in budget category “account series” transfers of funds.

### **3.10.7 Capital Fund Budget**

The Board of Trustees recognises the need for capital expenditures for plant and properties. As such, any single item with a cost higher than £1,000 shall be treated as fixed assets, and will be capitalised. Items that would qualify as Capital Items are telephone systems, computers, photocopiers, vehicles, buildings, upgrades to buildings, land, sports equipment, etc. Textbooks will not be treated as fixed assets. Upon Board of Trustees' approval, these Capital Items will be purchased with monies available in the Capital Fund. If a loan is required to cover a capital expenditure, the Board of Trustees must first approve the loan repayment schedule.

#### Approval of the Capital Budget

The Board of Trustees approves the total Capital spend as part of the overall annual budget. If an individual item exceeds £10,000, separate approval is required from the Board of Trustees.

CROSS REFERENCE: 3.20.1 Authorised Signatories/Borrowing Authority

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### **3.20 Depository of Funds/Authorised Signatories**

#### Depository of Funds

All monies and other valuables belonging to the School shall be deposited in the name of and to the credit of the School in such depositories as may be designated by the Administration subject to approval of the Board of Trustees.

The Royal Bank of Scotland and Citizen have been designated and approved. No separate accounts, either in cash or in the bank, may be maintained by any school employee or department.

The Board of Trustees may also approve the establishment of investment accounts to invest funds not immediately needed for the operation of the School. The Board of Trustees will approve such investments having given due consideration on the risk profile of such investments. As a general rule, the School should avoid investments that contain anything above a minimal risk profile. The Finance Manager will monitor the yield on such investment accounts, and will ensure that school funds are invested securely and on terms most favourable to the School.

### **3.20.1 Authorised Signatories/Borrowing Authority**

#### Transfer of Funds

- Transfers of any amount may be made from Monthly Income Account(s) or fixed term deposits to Operating Account(s) or vice versa. Any one of the following may authorise such a transfer: the Head of School (or designate), Finance Manager (or designate), Board Chair, or Board Treasurer. In exceptional circumstances, a replacement signatory may be appointed by the Board of Trustees.
- Transfers of any amount may be made from the Current Account(s) to the US Dollar Account(s) or vice versa. Any one of the following may authorise such a transfer: the Head of School, Finance Manager, Assistant Finance Manager, Board Chair, or Board Treasurer.

#### Cheque Signatures

- Cheque payments for amounts less than £2,000 require the signature of the Finance Manager, or designate. Cheques of £2,000 or over require two authorised signatures.

#### General

- All approval authority is vested in the Board of Trustees and is delegated by resolution passed at a regular meeting of the Board of Trustees to individuals only outlined in this policy.
- No individual may approve any document from which they are a beneficiary; the one exception being payroll related payments being approved by the Head of School.
- The individual approving payment of any invoice, advance, or expense statement, should not be the sole signatory of the cheque for its payment.

#### Borrowing Authority

The Head of School, or the Finance Manager, Board Treasurer, or other Board designate as authorised by the Board of Trustees may arrange for loans from any of the School's banks. When a proposal is being made to the Board of Trustees, it should include a proposed repayment schedule for the proposed loan. Such loans must remain within the limits of the credit line currently approved by the Board of Trustees. However, it is the intention of the Board of Trustees to avoid debt for the School if at all possible.

### **3.20.2 Bonded Employees**

ISA does not have Bonded Employees nor does the School have a policy for Bonded Employees. Bonding employees is not a normal business practice in the UK.

### **3.20.3 Cash in School Buildings**

The Board of Trustees, the Head of School, and the Finance Manager do not encourage the keeping of cash in the School. Any employee who collects £50 (fifty pounds) or more in cash in any one day in the execution of his duties must deposit such funds with the cashier at the close of each school day. Any employee who collects less than £50 in any one day will make a deposit each Thursday with the Business Office. No separate accounts, either in cash or in the bank, may be maintained by any other school employee or department.

No collection of money should be made for any purpose or fund except those approved by the Head of School or his/her designate. When children have money, it is safest for the teacher to collect such money and keep it for the children until needed. All money to be kept overnight or over the weekend must be turned in to the Business Office and placed in the school safe, where practicable, or kept in a secure, locked place until it can be turned in to the Business Office. Each teacher is held strictly accountable for all money lost because of failure to place it under lock and key.

### **3.20.4 Foreign Currency Conversion**

The International School Aberdeen is a UK Company and all transactions shall be recorded in British Pounds Sterling (GBP). Any transactions involving the US Dollar accounts will be converted to British Pounds Sterling for recording in the accounts using current exchange rates at the date of receipt or payment. Month end US Dollar denominated accounts (e.g. the US Dollar bank account) will be translated into GBP using the month end currency exchange rate. The Finance Manager will be responsible for ensuring that this policy is followed, and will report to the Board of Trustees for any variations to this policy.

### 3.30 Income from Tuition and Fees

Annually, at the time the operating budget for the ensuing year is adopted, the Board of Trustees will set a schedule of tuition and other school fees for that year. In addition to tuition fees, which incorporate the cost of student bus transportation, there is a registration fee for all new students entering ISA. There may also be a capital/contingency fee. The Board of Trustees will set these additional fees at the same time the tuition fees are set each year.

The tuition and fee schedule will be established according to estimated student enrolment, available financial resources, and budget requirements. In order to supply the Board of Trustees with the necessary background data, it is the responsibility of the Head of School to submit, for Board of Trustees' review, an annual report on enrolment projections and an overview of the School's financial status.

The Board of Trustees will set such additional fees and charges as may be required to operate the School programme.

The Administration will develop, and the Board of Trustees will approve, procedures and rules regarding the payment of tuition and miscellaneous fees set by the Board of Trustees. Before a student is admitted, parents will be advised of all fees for the first year that their child attends the School.

Tuition and school fees will be reviewed by the Board of Trustees annually, and may be adjusted in individual instances in accordance with established Board policy.

Fees are due as soon as the student is enrolled in school.

Fees are paid by corporations on a yearly basis. Finance Committee approval is required for any exceptions to this principle. Individual families may pay annually, by semester, quarterly, or in ten monthly instalments.

Any parent who has not paid their child's agreed fees within 30 days of enrolment may have to withdraw the child from school until payment is made. Students will not be re-enrolled or permitted to continue a new term until all their child's agreed fees are paid.

School fees and tuition fees are subject to change without notice. However, it is the practice of the Administration to notify companies and parents of fee changes.

The School will reserve space for newly registered or continuing students for a reasonable length of time. The Head of School has the discretion to cancel the registration of a student in the event that the registered family fails to enrol (or re-enrol from one semester to the next) within ten days of the predetermined enrolment date. If a student's registration is cancelled by the Head of School, all fees and tuition will be refunded. The Board of Trustees will be informed of any pending cancellations.

CROSS REFERENCE:       3.30.2 Tuition Payment and Schedules  
                                  3.30.2.1 Financial Support

### **3.30.1 Registration and Capital/Contingency Fees**

In order to allow developments that the Board of Trustees considers necessary to improve the School's facilities and programmes, the Board of Trustees may assess the following fees and other fees as may be required from time to time: (1) an initial registration fee for newly enrolling students, (2) a registration fee for returning students, and (3) a potential capital/contingency fee for new and returning students each year. These fees are payable with the annual bill. Neither the registration nor capital/contingency fee, if applicable, is refundable in the event of a student withdrawal.

It is the policy of the Board of Trustees to use the registration fee for operational costs. The capital/contingency fees will be used as directed by the Board of Trustees.

LEGAL CROSS REFERENCE: Articles of Association, Art. 50 (xv) (c)

### 3.30.2 Tuition Payment and Schedules

The Board of Trustees shall establish school fees each year, as part of the budget preparation process. A tuition charge for each grade level shall be recommended by the Finance Committee. Ideally, the tuition shall also be so calculated that, based upon the enrolment projections for the budget year, estimated total tuition income shall cover the School's total operating budget.

In addition to the tuition, each student enrolling in the School shall pay a registration fee. These fees are non-refundable and will be credited to the School's operating expenses as an offset against costs related to the year in which it is received.

All tuition (other than Pre-School), registration, capital/contingency and other fees shall be invoiced by 31st July of each year and payable within 30 days. Pre-School fees shall be invoiced at the start of the school year. If fees are paid by parents/guardians, they can be paid annually, by semester, quarterly, or in ten monthly instalments. For entrance at the start of the second semester, only that semester's tuition will be required, although the other fees will remain for a full year. No partial semesters will be allowed for reduction of tuition. Charges for extra-curricular activities and school field trips shall be paid as they fall due. The tuition, registration, capital/contingency, and other fees for the subsequent year will be determined no later than at the May meeting of the Board of Trustees.

Non-payment of tuition and fees may result in the students being sent home from the School and not allowed back until the outstanding amounts have been paid, including a penalty of 0.003% per day dating back to the date that the invoice was due for payment. Decisions to exclude students from attending the School as a result of non-payment of school fees require approval by the Board of Trustees.

The enrolment of a student is a private contract between the parent and the School, regardless of any arrangement the parent may have with an employer concerning the payment of school fees. The parent remains responsible for the payment of all fees.

The Board of Trustees may approve other charges or fees as deemed appropriate.

CROSS REFERENCE: 3.30.2.3 Non-Payment of Tuition and Fees

### 3.30.2.1 Financial Support

The primary intention of financial support is to attract children who may not have the financial ability to enrol in the School. Priority is given to continuing students. Applicants are considered on a case by case basis by the Board's Finance Committee.

Applications for financial support must be made on application forms available from the Admissions Office or from the Admissions page on the School's website.

Applications for financial support will be considered by the Board's Finance Committee in accordance with the guidelines established by the Board of Trustees, and in consultation with the Administration of the School. It is the policy of the Board of Trustees that no person shall be denied financial aid on the basis of race, creed, colour, religion, sex, age or nationality.

The following guidelines will be used for awarding financial support:

- Financial support is awarded annually for the maximum of one academic year and must be renewed each subsequent academic year.
- Discounting will not apply to registration and capital/contingency fees.
- Support will be awarded based on the financial means of the applicant's parent(s)/guardian(s). All applicants must meet the admission requirements as outlined in Section 8 of this Policy Manual.
- Support shall not be granted if the applicant's parent(s)/guardian(s) receive partial or full financial support for the education of their children as part of their salary and benefits package.
- Support shall not be granted for Pre-School tuition. Awards may only be granted for grades Kindergarten through Twelve.
- Prior to approving financial support, consideration will be given to what impact, if any, granting of financial support may have to the class size, to avoid class splits that may result directly from granting financial support to a student.

The Board's Finance Committee is authorised to make final decisions on financial support awards recommended by the Administration.

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**3.30.2.2 Tuition for Children of Staff Members****Faculty Members**

Children of full-time, permanent faculty members shall be exempt from tuition, registration fees, capital/contingency fees and other fees, unless such faculty members are spouses of individuals whose employers pay school fees, in which case tuition and fees shall be collected from the spouse's employer. Any faculty member who wishes to bring their child/student into ISA after a school year has started can do so on the basis of a space being available during that year.

Members of the support staff will be eligible for tuition support on the same basis as any other parent applying for tuition support for grades K-12 under Policy 3.30.2.1. The Finance Committee will consider such applications, and provide tuition help to those in need where appropriate and where resources permit. Decisions with respect to such support shall be final.

### **3.30.2.3 Non-Payment of Tuition and Fees**

The Business Office will make a maximum effort to collect overdue bills.

Whenever a student's tuition and/or fees remain fully unpaid within a 30 day period after a billing invoice has been issued, the student may be denied admission to classes. All students from the family that has incurred the debt will be refused admission to classes. Before any students are refused admission to attend the School, the Head of School must endorse the decision and have it approved by the Board of Trustees. In addition, no new students (that is, students who have not attended the School before) from the same employer as that of the family that has incurred the debt will be allowed to either register for or actually attend classes in the School until the bill has been paid.

Denials of admission under this policy will remain in effect until the debt has been settled in full, including a penalty of 0.003% per day dating back to the date that the invoice was overdue for payment.

Legal action for settlement of outstanding amounts may be taken.

CROSS REFERENCE:       8.20 Admission and Placement of Students  
                              3.30.2 Tuition Payment and Schedules

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### **3.30.2.4 Refunds of Tuition and Fees**

For grades Kindergarten through Twelve, full tuition will be refunded for students who have not attended the School if written notification by the company is given to the Finance Manager before 30<sup>th</sup> September of each school year. Any registration fees, capital/contingency fees or other fees shall not be refunded.

Tuition credits will be issued when the withdrawal of a student occurs and will remain on the School's accounts for the school year in which the withdrawal occurred. Tuition credits will be applied to any student selected by the individual or company who is subsequently enrolled within the school year in which the withdrawal occurs. This tuition credit will not be carried forward to subsequent years.

No refunds or credits will be given for the semester in which there is any fractional attendance by a student who is withdrawn for any reason.

Pre-School refunds for transferring children, will be given by semester. The semester in which the child is withdrawn will be chargeable in full.

In the event of a withdrawal of a financial aid, discounted, or self-paying student, the tuition fees to be refunded will be calculated from the day of withdrawal. To facilitate this refund, a written request must be submitted to the Finance Manager. The School requires a 60-day notice period, after which a refund will be given. The registration and capital/contingency fee are non-refundable and are due in full regardless of early withdrawal. In addition, no refunds will be given and any penalty payment will not be forgiven for a quarter in which there is any fractional attendance by a student.

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**3.30.2.5 Bad Debts (Annual Closeouts)**

The Finance Manager shall be responsible to monitor and report on any debts that have not been collected during the school year. This shall be reported to the Finance Committee on a monthly basis, so that appropriate actions may be taken. In no event shall an unpaid debt be carried over fiscal years. At the end of each year, the Finance Committee will ensure that the debts are collected or fully provided for in the accounts for the year.

### **3.30.3 Book Fees and Rental Fees**

Book fees are included in the tuition of ISA. The Board reserves the right to change this if the need arises.

Rental fees may be charged to external groups utilising the School's facilities, including the swimming pool, sports and fine arts facilities. A hire request form must be completed by the third party, and when the hire is approved a sales invoice will be processed. All hire charges must be paid for in advance. The rental fees will be set and reviewed on an annual basis by the head of the department and approved by the Head of School.

### **3.30.4 Miscellaneous Fees**

Miscellaneous fees may be charged for special programmes or activities not included in the regular school programme. If miscellaneous fees of significance (for example, the French CNED and Dutch NTC programmes) are to be charged, they will be approved by the Board of Trustees. Parents and companies will be informed by the Administration of such miscellaneous fees.

**3.40 Income from Sources other than Tuition and Fees**

It is acknowledged that from time to time the School may have the opportunity to receive funding or income from sources other than tuition and fees. The receipt of such funding is appropriate as long as any conditions or requirements connected to such funding do not compromise School Policy or affect the School's Charitable Status.

### **3.40.1 Aid and Grants to the School**

The Board of Trustees may accept funds from governmental, foundation, and private sources, and shall comply with the conditions and requirements that are connected with acceptance and use of such funds. Prior to acceptance of such funds, the Board of Trustees must vote to approve the conditions and requirements that are connected with acceptance of the funds. It is the practice of the School to seek funding for special programmes and projects from appropriate government agencies, foundations, or private sources as long as the funding does not affect the School's Charitable Status.

LEGAL CROSS REFERENCE: Articles of Association, Art. 50 (xv) (d)

### 3.40.2 Fund Raising

At times, it may become necessary for the School to raise funds for a specific purpose or a special project that is not provided for in the budget and cannot be paid for by regular school funds.

In such cases, fund raising programmes may be approved by the Board of Trustees, which, under the Articles of Association and the By-Laws, has the authority to raise funds, accept gifts and donations and, manage school finances.

It is the explicit policy of the Board of Trustees that no staff member will solicit donations or contributions from any agency or institution without approval of the Head of School or, if the Head of School deems it necessary, without the approval of the Board of Trustees itself.

Fund raising may be undertaken by a variety of groups within the School, such as the following:

#### Categories

- A  
An internal School grouping consisting of a class, several classes or the entire School organised, for the purpose of raising funds, into a temporary organisation which will disband at the completion of the project;
- B  
Internal School associations organised annually, with a specific function to perform within the School (for example, a Student Council);
- C  
A formal Parent Teacher Organisation organised in accordance with Board policy.

Categories A and B must follow Management of Funds: Method 1 (see below) in their management of funds; Category C may select either Management of Funds: Method 1 or Method 2 (see below).

#### Management of Funds

##### Method 1

- Each fund raising venture must have a stated goal, and must be approved by the responsible School Administrator who has approved the venture.
- Collection, receipting, and disbursement of funds are controlled by the responsible Administrator who has approved the venture.
- Accounting of all funds must be shown in the School books.
- Funds must be deposited in the School account.

Method 2

- Fund raising ventures must have a stated goal, and must be selected from a list of priorities determined co-operatively by the Parent Teacher Organisation.
- Collection, receipting, and disbursement of funds are handled by the Association.
- All accounting of funds must be shown in the Association's financial records, and must be open to audit.
- Funds are deposited in a separate School interest-bearing account, with two signatures required for disbursement.

### 3.40.3 Bribery and Anti-Corruption Policy

#### 1.0 POLICY STATEMENT

- 1.1 It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery and corruption.
- 1.2 We will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate. However, we remain bound by UK laws, including the Bribery Act 2010, in respect of our conduct both at home and abroad.
- 1.3 The purpose of this policy is to:
- (a) set out our responsibilities, and of those working for us, in observing and upholding our position on bribery and corruption; and
  - (b) provide information and guidance to those working for us on how to recognise and deal with bribery and corruption issues.
- 1.4 It is a criminal offence to offer, promise, give, request, or accept a bribe. Individuals found guilty can be punished by up to ten years' imprisonment and/or a fine. As an employer, if we fail to prevent bribery we can face an unlimited fine, exclusion from tendering for public contracts, and damage to our reputation. We therefore take our legal responsibilities very seriously.
- 1.5 In this policy, **third party** means any individual or organisation you come into contact with during the course of your work for us, and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

#### 2.0 WHO MUST COMPLY WITH THIS POLICY?

This policy applies to all persons working for us or on our behalf in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, sponsors, or any other person associated with us, wherever located (collectively referred to as **workers** in this policy).

#### 3.0 WHAT ARE BRIBERY AND CORRUPTION?

- 3.1 **Bribery** is offering, promising, giving or accepting any financial or other advantage, to induce the recipient or any other person to act improperly in the performance of their functions, or to reward them for acting improperly, or where the recipient would act improperly by accepting the advantage.
- 3.2 An **advantage** includes money, gifts, loans, fees, hospitality, services, discounts, the award of a contract or anything else of value.

3.3 A person acts **improperly** where they act illegally, unethically, or contrary to an expectation of good faith or impartiality, or where they abuse a position of trust. The improper acts may be in relation to any business or professional activities, public functions, acts in the course of employment, or other activities by or on behalf of any organisation of any kind.

3.4 **Corruption** is the abuse of entrusted power or position for private gain.

#### 4.0 WHAT YOU MUST NOT DO

It is not acceptable for you (or someone on your behalf) to:

- (c) give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- (d) give or accept a gift or hospitality during any commercial negotiations or tender process, if this could be perceived as intended or likely to influence the outcome;
- (e) accept a payment, gift or hospitality from a third party that you know or suspect is offered with the expectation that it will provide a business advantage for them or anyone else in return;
- (f) accept hospitality from a third party that is unduly lavish or extravagant under the circumstances.
- (g) offer or accept a gift to or from government officials or representatives, or politicians or political parties, without the prior approval of the Finance Manager;
- (h) threaten or retaliate against another worker who has refused to commit a bribery offence or who has raised concerns under this policy; or
- (i) engage in any other activity that might lead to a breach of this policy.

#### 5.0 FACILITATION PAYMENTS AND KICKBACKS

5.1 We do not make, and will not accept, facilitation payments or “kickbacks” of any kind.

5.2 **Facilitation payments**, also known as “back-handers” or “grease payments”, are typically small, unofficial payments made to secure or expedite a routine or necessary action (for example by a government official). They are not common in the UK, but are common in some other jurisdictions.

5.3 **Kickbacks** are typically payments made in return for a business favour or advantage.

5.4 All workers must avoid any activity that might lead to a facilitation payment or kickback being made or accepted by us or on our behalf, or that might suggest that such a payment will be made or accepted. If you are asked to make a payment on our behalf, you should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. You should always ask for a receipt which details the reason for the payment. If you have any suspicions, concerns or queries regarding a payment, you should raise these with the Finance Manager.

#### 6.0 GIFTS, HOSPITALITY AND EXPENSES

6.1 This policy allows reasonable and appropriate hospitality or entertainment given to or received from third parties, for the purposes of:

- (a) establishing or maintaining good business relationships;
- (b) improving or maintaining our image or reputation; or
- (c) marketing or presenting our school effectively.

6.2 The giving and accepting of gifts is allowed if the following requirements are met:

- (a) it is not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
- (b) it is given in our name, not in your name;
- (c) it does not include cash or a cash equivalent (such as gift certificates or vouchers);
- (d) it is appropriate in the circumstances, taking account of the reason for the gift, its timing and value. For example, in the UK it is customary for small gifts to be given at Christmas; and
- (e) it is given openly, not secretly;
- (h) it complies with any applicable local law.

6.3 Promotional gifts of low value such as branded stationery to or from existing customers, suppliers and business partners will usually be acceptable.

6.4 Reimbursing a third party's expenses, or accepting an offer to reimburse our expenses (for example, the costs of attending a business meeting) would not usually amount to bribery. However, a payment in excess of genuine and reasonable business expenses (such as the cost of an extended hotel stay) is not acceptable.

6.5 We appreciate that practice varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift, hospitality or payment is reasonable and justifiable. The intention behind it should always be considered.

## 7.0 DONATIONS

7.1 We do not make contributions to political parties.

7.2 We only make charitable donations that are legal and ethical under local laws and practices. No donation must be offered or made without the prior approval of the Finance Manager.

## 8.0 YOUR RESPONSIBILITIES

8.1 You must ensure that you read, understand and comply with this policy.

8.2 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for us or under our control. All workers are required to avoid any activity that might lead to, or suggest, a breach of this policy.

8.3 You must notify the Finance Manager as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future. For example, if a client or potential client offers you something to gain a business advantage with us, or indicates to you that a gift or payment is required to secure their business.

8.4 Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct. We reserve our right to terminate our contractual relationship with other workers if they breach this policy.

## 9.0 RECORD-KEEPING

9.1 We must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.

9.2 You must declare and keep a written record of all hospitality or gifts given or received, which are material in value i.e. over £50. Any gifts or hospitality over this value must be reported to the Business Office where a register will be kept and will be subject to managerial review.

9.3 You must submit all expenses claims relating to hospitality, gifts or payments to third parties in accordance with our expenses policy and record the reason for expenditure.

9.4 All accounts, invoices, and other records relating to dealings with third parties including suppliers and customers should be prepared with strict accuracy and completeness. Accounts must not be kept "off-book" to facilitate or conceal improper payments.

## 10.0 HOW TO RAISE A CONCERN

10.1 You are encouraged to raise concerns about any issue or suspicion of bribery or corruption at the earliest possible stage.

10.2 If you are offered a bribe, or are asked to make one, or if you believe or suspect that any bribery, corruption or other breach of this policy has occurred or may occur, you must notify the Finance Manager as soon as possible.

10.3 If you are unsure about whether a particular act constitutes bribery or corruption, raise it with the Finance Manager.

## 11.0 PROTECTION

11.1 Workers who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

11.2 We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the Finance Manager immediately. If the matter is not remedied, and you are an employee, you should raise it formally using our Grievance Procedure.

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## 12.0 WHO IS RESPONSIBLE FOR THE POLICY?

- 12.1 The Board of Trustees has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.
- 12.2 The Finance Manager has primary and day-to-day responsibility for implementing this policy, and for monitoring its use and effectiveness. Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this policy and are given adequate and regular training on it.

## 13.0 MONITORING AND REVIEW

- 13.1 The Finance Manager will monitor the effectiveness and review the implementation of this policy, regularly considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering bribery and corruption.
- 13.2 All workers are responsible for the success of this policy and should ensure they use it to disclose any suspected danger or wrongdoing.

### 3.40.3.1 Gifts and Bequests

The Board of Trustees may accept, on behalf of the School, any bequest or gift of money or property for a purpose deemed by the Board of Trustees and the Head of School to be suitable. Any gifts presented to the School should be accompanied by a letter from the donor for recognition by the Board of Trustees.

The Head of School will use judgement in recommending to the Board of Trustees the acceptance of gifts and bequests, and will make sure that such acceptance will be in the best interests of the School and in keeping with its non-profit, charitable status and educational goals.

To be acceptable, a gift must satisfy the following criteria:

- It must have a purpose consistent with those of the School.
- It must not lead to, or involve, unacceptable costs to the School.
- It must place no restrictions on the School programme.
- It must not be inappropriate or harmful to the best education of pupils.
- It must not imply endorsement of any business or product.
- It must not be in conflict with any provision of Board policy or public law.
- It must not put the School's Charitable Status at Risk
- It must not, if by becoming public knowledge, compromise the integrity of the School, the School's Board of Trustees, School Administration and Staff, students or parents.

Accepted gifts and bequests will be gratefully acknowledged in writing by the Head of School on behalf of the Board of Trustees.

#### **3.40.4 Use of Surplus Funds**

The use and/or designation of surplus funds arising of any kind (operating or capital) remain solely with the Board of Trustees.

CROSS REFERENCE:       3.50.1 Types of Funds

### **3.50 Accounting and Reporting**

The By-Laws require the Board Treasurer to ensure that an accurate account is maintained of all monies received and paid. In practice, these tasks on a day to day basis are delegated to the Finance Manager. In general, accounting systems are seen by the Board of Trustees as a valuable tool in guiding the sound financial management of the School towards accomplishing the goals of the School.

The Treasurer, assisted by the Head of School and Finance Manager, is responsible for the presentation of a balance sheet and a profit and loss statement on an accrual basis in accordance with the Companies Act 1985, The Charities (Accounts and Reports) Regulations 2000, the Statement of Recommended Practice “Accounting Reporting by Charities” issued in October 2000 (“SORP”), and with applicable United Kingdom accounting standards for the financial year ended on 31 July, at the Board of Trustees’ September or October meeting. The annual audited accounts will also be presented for approval at the Annual General Meeting of the School that is normally held in November (refer to 3.50.4 below). The Treasurer shall also ensure that a budget is prepared for the ensuing fiscal year and presented to the Board of Trustees no later than at the March meeting.

In addition to such annual accounts, reports, and budgets, it is the practice of the Board of Trustees to receive a monthly financial report from the Finance Manager at its regular monthly meeting. The format and substance of these monthly reports will be devised by the Treasurer in collaboration with the Finance Manager, Head of School, and Board of Trustees.

CROSS REFERENCE:       3.10.3 Budget Deadlines and Schedules  
                              3.10.4 Budget Revision, Supplements and Approvals

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### **3.50.1 Types of Funds**

#### General Unrestricted Fund

The General Unrestricted Fund is the accumulation of any Operating Surplus offset by any operating Deficits. The Board of Trustees' goal is to maintain an Operating Surplus Fund of at least £3,000,000 - £4,000,000.

#### Capital Restricted Reserve

The level of funds held in the Capital Restricted Reserve is determined by the Board of Trustees. The funds held should be sufficient to finance any forecast capital projects. Any additional funds required into the Capital Restricted Reserves will be carried out via a transfer from the General Unrestricted Reserve.

### **3.50.2 Individual School Accounting and Reporting**

The School keeps accounts and reports on the institution as a single unit. The School does not keep separate accounts for the Elementary, Middle and High Schools; however, the Board of Trustees reserves the right to separate the accounting of the Schools should this be deemed necessary.

### **3.50.3 Inventories and Fixed Asset Register**

The School keeps a fixed asset register, which is kept up to date by the Finance Manager with the assistance of the School's independent auditor.

### 3.50.4 Audits

The Board of Trustees, on the recommendation of the Board Treasurer, will select a firm of accountants to carry out the annual audit of the accounts as required by legislation of the UK. The fee for their services will be approved by the Board of Trustees.

After the annual audit takes place the auditors will make any comments necessary for desirable improvements in internal control and accounting procedures. These comments are replied to by the Finance Manager, and it is that person's responsibility to ensure that any agreed improvements are effected. The comments and replies are submitted to the Board of Trustees at its October meeting when the auditors present the year end accounts to the Board.

The Finance Manager will provide any assistance required by the auditors, and in particular will prepare:

- A final Trial Balance, Income & Expenditure Account and Balance Sheet;
- A reconciliation of all the Balance Sheet accounts, including a listing of all trade debtors, trade creditors, accruals, pre-payments and deferred income;
- Payroll Reconciliation Spreadsheets for both UK and Recruited Staff;
- A reconciliation of tuition fees, registration fees, capital/contingency fees, and any other fees billed against numbers contracted, using the population analyses prepared by the Business Office;
- Closing stock sheets and fixed asset register.

The auditor will present the annual audited accounts to the School's Annual General Meeting for approval. The AGM normally takes place at the end of November.

### **3.60 Purchasing Authority**

The budget as approved by the Board of Trustees shall serve as the controlled spending plan for the ensuing school year.

The Head of School and Finance Manager are authorised to make expenditures and commitments on behalf of the School, in accordance with the approved budget. The Head of School and Finance Manager are also authorised to expend funds and make commitments approved by the Board of Trustees which are not included in the budget.

### **3.60.1 Contracts**

The Head of School may approve contracts on behalf of the School within the spending limits approved within the budget. Contracts that exceed the budget spending, or are multi-year contracts, must be reviewed and approved by the Finance Committee. Contracts for capital projects in excess of £10,000 must be approved by the Board of Trustees on the recommendation of the Finance Committee.

**3.60.2 Purchasing Procedures**

Purchasing procedures are the responsibility of the Finance Manager, and will be operated by the Finance Manager's department according to the School's Purchasing Policy and Procedures.

### **3.60.3 Bids and Quotations**

The Head of School shall direct the purchase of such books, supplies, equipment and other materials as are required and permitted within the limit of the current budget. However, in the case of any unbudgeted expenditure, the Board of Trustees shall be consulted. Items, other than text books, that will cost £5,000 or greater will require written bids from two separate sources, and items, other than text books, costing between £1,000 and £5,000 will require oral quotations from two separate sources and will be documented for reference.

#### Sign Off Procedure

Head of School & Finance Manager – budgeted items

Finance Committee – non-budgeted items for recommendation to Board of Trustees

Legal implications should be assessed prior to acceptance of any bid or contract.

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### **3.60.4 Vendor Relations**

No employees of the School shall take gifts, including free or subsidised travel or entertainment, from any suppliers or vendors that shall exceed £50.00 in value without approval from the Board of Trustees. It is of paramount importance that the School and its employees shall maintain the highest possible ethical standards, and no employee will allow themselves to be compromised due to bribes or enticements. In the event that a vendor offers something of higher value, the employee should refuse to accept the gift and report the offer to their supervisor/administrator. Any exceptions to this policy must be approved by the Board of Trustees before acceptance of the offer.

### **3.60.5 Deliveries**

As part of maintaining an accurate accounting and control system, the Board of Trustees requires that all goods received must be verified against a purchase order and the delivery note. A member of the Business Office staff or other trained personnel will do this reconciliation. The Business Office staff will deal with any discrepancies.

### **3.60.6 Stock Control**

The School records as expense the cost of books and other items, and does not maintain any value for stock in the accounts; however, the Board of Trustees recognises the importance of having an accurate physical inventory of the School's contents for both security and insurance purposes. An annual physical inventory will be done; this will be co-ordinated by the Business Office.

CROSS REFERENCE:       3.50.3 Inventories and Fixed Asset Register

### **3.70 Disbursement of Funds**

Within the approved budget (by item), the Finance Manager, consulting as necessary with the Head of School, has standing delegation to make payments. Authority to incur expense beyond the approved budget item is sought from the Board of Trustees, via the Head of School.

The Board Treasurer has the ultimate responsibility for seeing that proper accounts are kept and periodic reports are compiled and presented to the Board of Trustees.

CROSS REFERENCE:       3.10.5 Periodic Budget Reconciliation  
                              3.10.6 Budget Line Item Transfer Authority  
                              3.20.1 Authorised Signatories/Borrowing Authority  
                              3.60 Purchasing Authority

### **3.70.1 Approval of Bills**

The invoices paid by the School will be reconciled to the purchase orders and or contract(s) that were approved prior to their payment. If any discrepancies exist, these will be investigated by the Business Office Staff and reported to the Head of School, and the Business Office staff will determine how the discrepancy arose. If any significant discrepancy is unresolved (over £500), this will be reported to the Finance Committee for review and then the Board of Trustees.

All signing restrictions outlined in Policy 3.20.1 will apply to the payment process except as noted above.

CROSS REFERENCE:        3.20.1 Authorised Signatories/Borrowing Authority

### **3.70.2 Payroll Procedures**

The payroll will be prepared in compliance with all UK Income Tax and National Insurance legislation. In addition, when applicable, US social security and Medicare regulations will also be applied.

It is the responsibility of the Finance Manager to ensure that proper payroll procedures are in place, and to work with the Auditors to ensure that all relevant legislation is complied with. The Finance Manager may delegate the preparation of the payroll; however, the Finance Manager must review the work and ensure compliance with all payroll legislation is maintained.

The Finance Manager may delegate the preparation of the payroll; however, review and compliance may not be delegated.

CROSS REFERENCE:      3.70.1 Approval of Bills

### **3.70.3 Expense Reimbursements**

Personnel and Board of Trustees officials who incur expenses in carrying out their authorised duties will be reimbursed upon submission of properly filled out and approved vouchers and such supporting receipts as may be required by the Business Office.

Expenses may be incurred and approved only in line with budgetary allocations for specific types of expenses, without approval from the Board of Trustees.

Expenses for travel will be reimbursed when the travel has appropriate advance authorisation and sufficient budget coverage. The Head of School may grant authorisation when the travel expense has been anticipated and incorporated in the operational budget of the particular programme involved. In some cases, prior authorisation from the Board of Trustees may be sought.

Persons who travel at School expense will exercise the same economy as any prudent person travelling on personal business, and will differentiate between expenditures that are properly for business and those that are only for personal purposes.

The expenses incurred by the Head of School that are reimbursable and greater than £300 UK POUNDS STERLING are approved by the Board Treasurer or, in his absence, the Board Chair.

The Board Chair or the Board Treasurer shall approve the Head of School's expense claims prior to payment.

CROSS REFERENCE:        2.20.3 Board Member Compensation and Expenses

### **3.70.4 Loans or Payroll Advances to Staff Members**

It is the intention of the Board of Trustees that employees of ISA will not be eligible for loans or advances. In extreme circumstances, the Head of School is authorised to advance up to half of one month's salary to an employee; however, the justification for such request must be made clear to the Head of School prior to his/her approval of the advance. For advances of more than half of one month's salary, the Finance Committee shall have to approve such requests.

### **3.70.5 Petty Cash Accounts**

The Board of Trustees recognises that small disbursements will need to be made from time to time. The Finance Manager will ensure that a petty cash register is maintained and reconciled on a monthly basis. Disbursements will only be made on the production of a receipt of purchase; any purchase over £50.00 will require prior approval by the Head of School, Principal(s) or Finance Manager. Any proposed expenditure over £100.00 must be put through the Purchase Order System, unless prior approval is received by the Head of School or Finance Manager.

### **3.80 Disposal of School Property**

#### Real Property

Surplus real property of the School may be sold in the following manner:

- The Board of Trustees shall vote on whether or not to sell the property.
- If a majority of the Board of Trustees is in favour of selling the property, the Head of School will be instructed to notify any local or host country authorities which have any interest in the property and to secure their permission for the sale.
- The property shall be sold to the highest bidder at public auction; details of the operation of the auction to be agreed between the Head of School and Treasurer.
- A sign shall be posted on the property announcing the sale and its date.
- The Board of Trustees shall reserve the right to reject any or all bids.
- All money received from the sale of real property shall be deposited in the capital fund of the School. In all instances, records of the disposal of real property shall be kept permanently.
- The Board of Trustees shall instruct the Head of School as to the disposal of any property that is not saleable.

#### Equipment, Materials, and Supplies

- It shall be the policy of the Board of Trustees to dispose of surplus or obsolete equipment, materials, and supplies no longer required to accomplish the objectives of the School.
- Disposal of such items shall be the responsibility of the Head of School or his/her designate, and, if necessary, is approved by the Board of Trustees, after it is assured that these items are no longer of any use to the School.
- Surplus items shall be classified and disposed of as follows:
  - Items having no resale value.
  - Those having a fair market value of £500.00 or less may be disposed of by the Head of School or his/her designate at the most advantageous price by private sale, without advertising and without Board of Trustees' approval.
  - Items having a fair market value of £500.00 or more shall be advertised for sale, upon Board of Trustees' approval, and sold to the highest bidder. The School shall reserve the right to reject all bids.

All money received from the sale of equipment, materials, or supplies shall be deposited in the operating fund of the School.

Records of the disposal shall be kept for five years.

### 3.90 Investments

The investment policy of ISA shall be to manage the investment of the School's funds in order to: a) ensure the future financial viability of the School, irrespective of the size of enrolment or external factors; and b) maintain the quality of education which the School provides, in accordance with the School's mission statement and strategic objectives.

The overall long-term objective of the School's investment policy shall seek to manage its investments so as to provide at least the same level of support to future generations as received by the current beneficiaries. The specific long-term investment objective, therefore, is to earn a total return on invested funds which surpasses the annual rate of "risk free" government bonds, recognising that over shorter periods of time the real value of investment funds may increase or diminish as a result of unusually generous or meagre capital market returns.

The transfer from investment funds to the operating or capital budgets, i.e. the spending rate, shall be determined annually by the Board of Trustees. The long-term objective with respect to spending shall be to maintain the investment funds from year to year, recognising that there may be occasions when the Board of Trustees shall determine it to be prudent and necessary to utilise the investment funds for specific purposes.

The Board of Trustees shall be solely responsible for: a) determining specific investment strategies in support of the School's overall and specific long-term investment objectives; b) monitoring the performance of the School's investments; c) establishing adequate safeguards and controls to ensure prudent management of investment funds; d) reviewing periodically the investment strategies then being employed; and e) adjusting investment strategies from time to time as appropriate. In this regard, the Board of Trustees must ensure that it has available to itself at all times adequate and collective investment management and financial expertise, which expertise may be embodied in individual members of the Board of Trustees, the School Administration, or outside professional consultants, or any combination thereof.

The Board of Trustees shall charge the Finance Committee with the responsibility for recommending specific investment strategies, procedures and controls to the Board of Trustees for its approval.

The duties of the Board of Trustees shall also include, but not be limited to, the following:

- Determining the appropriate level of investment risk consistent with the stated specific long-term investment objective.
- Ensuring that selected individual investment strategies avoid excessive risk.
- Determining the appropriate allocation of the School's investments among different investment classes (cash, fixed income, equities, etc) consistent with the stated specific long-term investment objective.
- Determining the manner in which the School's investments shall be managed (in-house or through one or more outside professional investment managers).
- Selecting one or more outside professional investment managers to manage the School's investments (if the Board of Trustees has determined to use same).

- Determining appropriate performance benchmarks by which the performance of outside professional investment managers will be judged, and monitoring their performance.
- Preparing an annual report of the School's investment policy and performance.