

Royal Northern College of Music

# Financial Regulations

Policy & Procedure

Department: Finance

Document owner: Director of Finance

Approval Committee: Finance  
Committee and Board of Governors

Revised: July 2021

Period of Approval: 3 years

Review Date: July 2024

RNCM  
ROYAL NORTHERN  
COLLEGE of MUSIC

## DOCUMENT REVISION

---

<b>Update By</b>	<b>Date</b>	<b>Change</b>	<b>Version</b>
Michelle Holden	Apr 2019	Financial Regulations 2019 publication	0
Paul Bevan	Jan 2020	Updated OJEU Thresholds for 2020-21 Evidencing Contracts & Procurement Planning (Section 19)	1
Paul Bevan	Aug 2020	Tenders and Requests For Quotations (Section 19) Evidencing Contracts (Section 19)	2
George Whalley	Apr 2021	Review and update of Financial Regulations	3
George Whalley	Nov 2021	Add consideration of ESG issues in procurement as requested by Board of Governors	4

## **A GENERAL PROVISIONS**

---

### **1 Background**

- 1.1 The Royal Northern College of Music (the 'College') is an independent corporation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988, and for which an Instrument of Government was made by the Privy Council in May 1993 under the terms of the Further and Higher Education Act 1992. The Members of the Corporation constitute the Board of Governors of the College (The Board), the activities of which the Corporation has been established to conduct, and whose objects, powers and framework of governance are set out in the Articles of Government, the current version of which was approved by the Board in July 2011, and by the Privy Council in October 2011.
- 1.2 Under the Charities Act 2011, higher education institutions (HEIs) are supervised by the Office for Students (OfS) as principal regulator, which is charged with ensuring that HEIs fulfil their obligations under charity law. The Board is also, in relation to the charitable activities of the RNCM, its Trustee Board. Members of the Board are therefore the Trustees of the RNCM, and of its two Trust Funds, each of which is a separate charity registered with the Charity Commission.
- 1.3 The College receives substantial public funding to support its activities, and is regulated by OfS in accordance with their terms and conditions of funding for higher education institutions (T&Cs). The Board is responsible for ensuring that conditions of grant specified in the T&Cs are met. The financial regulations of the College form part of this overall system of accountability.

### **2 Status of Financial Regulations**

- 2.1 This document sets out the College's financial regulations. It translates into practical guidance the College's broad policies relating to financial control. This document was approved by the Board on 7 July 2021, and is reviewed bi-annually and updated as required. It applies to the College and all its subsidiary undertakings and the aforementioned Trust Funds.
- 2.2 These financial regulations are subordinate to the College's Instrument and Articles of Government and to any restrictions contained within the OfS Terms and Conditions.
- 2.3 The purpose of these financial regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's Strategic Plan and business objectives:
- financial viability;
  - achieving value for money for students;
  - fulfilling its responsibility for the provision of effective financial controls over the use of public funds;
  - ensuring that the College complies with all relevant legislation;
  - safeguarding the assets of the College.
- 2.4 Compliance with the financial regulations is required of all staff of the College. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the College's Disciplinary Policy. The Board will be notified of any such breach through the Audit Committee. It is the responsibility of Heads of Department to ensure that their staff are made aware of the existence and content of

the College's financial regulations, and that an adequate number of copies are available for reference within their department.

- 2.5 The Finance Committee is responsible for maintaining a continuous review of the financial regulations, through the Director of Finance, and for advising the Board of any additions or changes necessary.
- 2.6 In exceptional circumstances, this committee may authorise a departure from the detailed provisions herein, such departure to be reported to the Board at the earliest opportunity.

## **B CORPORATE GOVERNANCE**

---

### **3 The Board of Governors (the 'Board')**

- 3.1 The Board carries the ultimate responsibility for the College's overall strategic direction and for the management of its finances, property and affairs generally, including the employment arrangements for all staff. It is also a specific role of the Board to satisfy itself that work being undertaken on its behalf, whether by committee or by officers, is consistent with corporate objectives and is within the bounds of accepted good practice. In particular, its financial and related responsibilities are:
  - to be the principal financial and business authority of the College, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the College's assets, property and estate and their use;
  - to ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment and management, so as to maintain the solvency of the College, safeguard its assets and prevent and detect fraud;
  - to ensure the economic, effective and efficient use of resources;
  - to ensure that systems are in place for meeting the College's legal obligations, including those arising from contracts and other legal commitments made in the College's name, and for meeting the conditions of grant imposed by public funding bodies supplying funds to the College
  - to appoint the College's internal and external auditors.

### **4 Chief Executive and Designated Accounting Officer**

- 4.1 The Principal is the chief executive of the College, and is responsible for the organisation, direction and management of the College, and for the leadership of its staff. The Principal is also the College's designated accounting officer, responsible for the financial administration of the College's affairs. In this capacity, the Principal must advise the Board if, at any time, any action or policy under consideration by them appears to be incompatible with the OfS Terms and Conditions. If the Board decides nevertheless to proceed, the Principal must immediately inform the Chief Executive of OfS in writing. The Principal must ensure that annual estimates of income and expenditure are prepared for consideration by the Board and is responsible for the management of budgets and resources within the estimates approved by the Board.
- 4.2 As the designated officer the Principal may be required to give evidence to the Public Accounts Committee at the House of Commons on any matter relating to the College's finances.

- 4.3 The Principal is responsible for the determination of pay and conditions of service of staff other than the holders of senior posts, within the framework set by the Board.

## **5 Committee Structure**

- 5.1 The Board has ultimate responsibility for the College's finances, but it operates through the delegation of specific powers and processes to the committees detailed below, and by taking advice from them. These committees are accountable to the Board.
- 5.2 The **Finance Committee** oversees all matters relating to the finances and business concerns of the College and receives reports relating to finance, the financial implications of matters relating to the College estate, property maintenance and development, and to the financial implications of partnerships and collaborations with outside bodies. Matters affecting the mission and character of the College are referred to the Board, as are other matters that are specified in the Articles of Government as being reserved to the Board. Specifically, the Committee recommends to the Board the College's annual revenue budgets for approval, monitors performance in relation to approved budgets.
- 5.3 The Finance Committee also undertakes consideration of the College's medium-term and strategic plans. It is responsible for ensuring that all the financial implications of such plans are taken into account before their approval by the Board. In addition, it is responsible for considering the College's capital programme before it can be recommended to the Board for approval.
- 5.4 The College is the corporate trustee for two registered charities. The Finance Committee is responsible to the Board for ensuring that all the College's trust funds are operated within any relevant legislation and the specific requirements for each trust, including the investment of funds and the disbursement of funds in accordance with the respective Trust Deed.
- 5.5 The College is required by the OfS Terms and Conditions to appoint an **Audit Committee**. The Committee comprises of a Chair, who is an independent member of the Board, two other independent members of the Board and up to two co-opted external members with relevant experience. Senior executive officers are invited to attend meetings of the Audit Committee as necessary, but the Committee also has the opportunity to meet with the internal and external auditors without such officers being present.

The Committee receives *inter alia* reports from the internal and external auditors of the College, and reviews their work. It also receives the auditors' opinion on the adequacy of the College's systems of internal control and considers recommendations for the improvement of those systems. Thus, the Committee has a particularly important function in expressing opinions and giving assurances to the Board relating to its review of the effectiveness of the College's arrangements for risk management, control and governance, including the management and quality assurance arrangements for data submitted to the Higher Education Statistics Agency (HESA), OfS, Research England, Student Loan Company or other funding bodies. It will also, whenever appropriate, provide explicit confirmation to the Board that necessary actions have been, or are being, taken to remedy any significant failings or weaknesses identified from the review of the effectiveness of internal controls. The Committee also oversees the College's value for money strategy. It reviews the external auditor's report to management on the College's annual financial statements, as well as the adequacy of controls in relations to the statutory accounts. The Committee recommends to the Board the annual financial statements for approval.

- 5.6 Consideration of senior post holders' pay and conditions is the responsibility of the **Remuneration and Strategic Staffing Committee**. It has delegated authority from the Board, subject to subsequent report, to determine their remuneration, including pay and other benefits, as well as contractual arrangements. The Committee also considers such strategic staffing issues as may be referred to it by the Board, or by the Executive Committee of the College, and advises the Board and/or the Executive Committee accordingly.
- 5.7 The **Nominations Committee** comprises of the Chair of the Board, two other independent members of the Board, an academic member of the Board, and the Principal. It advises the Board in relation to the appointment of members of the Board and its Committees, unless authority to make an appointment rests elsewhere, taking into account and reviewing as appropriate the full range of needs and requirements of the Board in maintaining its overall effectiveness as a governing body. On behalf of the Board, it oversees a process of review of the effectiveness of individual Board members (where the Board has been the appointing authority) and where necessary makes appropriate recommendations to the Board.
- 5.8 The **Honorands Committee** is constituted jointly with the Academic Board and makes recommendations to both bodies in respect of distinguished individuals to be selected for the conferment of honorary awards of the RNCM. The Board appoints from its independent membership the Chair of the Committee and two other members.

## **6 Other Senior Managers with Financial Responsibility**

### **6.1 The Director of Finance**

Day-to-day financial administration is controlled by the Director of Finance, who is responsible to the Principal for:

- preparing annual capital and revenue budgets and financial plans;
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;
- preparing the College's annual accounts and other financial statements and accounts which the College is required to submit to other authorities;
- ensuring that the College maintains satisfactory financial systems;
- providing professional advice on all matters relating to financial policies and procedures;
- day-to-day liaison with internal and external auditors in order to achieve efficient processes.

### **6.2 Heads of Department**

Heads of Department are responsible to the Principal for financial management for the areas or activities they control. They are advised by the Director of Finance in executing their financial duties. The Director of Finance will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Heads of Department are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved to budget holders, they are accountable to their Head of Department for their own budget. Heads of Department shall provide the Director of Finance with such information as may be required to enable:

- compilation of the College's financial statements;
- implementation of financial planning;

- implementation of audit and financial reviews, projects and value for money studies.

### 6.3 **Budget holders**

All budget holders, whether Head of Department or otherwise, are responsible for managing their budget within the resources allocated, for monitoring actual activity against the budget and for reporting any anticipated variance to the Director of Finance at the earliest opportunity.

### 6.4 **All members of staff**

All members of staff should be aware and have a general responsibility for the security of the College's property, for avoiding loss and for due economy in the use of resources. They should ensure that they are aware of the College's financial authority limits and the values of purchases for which quotations and tenders are required. They shall make available any relevant records or information to the Director of Finance or his or her authorised representative in connection with the implementation of the College's financial policies, these financial regulations and the system of financial control. They shall provide the Director of Finance with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Board. They shall immediately notify the Director of Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the College. The Director of Finance shall take such steps as he or she considers necessary by way of investigation and report.

## 7 **Risk Management**

7.1 The College acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable/unacceptable by the College will be set out in a separate risk management strategy.

7.2 The Board has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the College through the development, implementation and embedment within the organisation of a formal, structured risk management process.

7.3 The College's arrangements for risk assessment and management are embedded in the working practices of the College. The Risk Register, combined report of both strategic and operational risks, is presented to each meeting of the Audit Committee and the Board of Governors.

7.4 Heads of Department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed, and that the advice of the Director of Finance is sought to ensure that this is the case.

## 8 **Whistleblowing**

8.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. This procedure is designed to allow employees to raise concerns or disclose information at a senior level which the discloser believes to show evidence of malpractice. This procedure covers concerns that are in the public interest and that may (at least initially) be investigated separately, but might then lead to other established procedures being invoked, or other

forms of appropriate action being taken. Concerns within the workplace which might prompt disclosure might include the following:

- Financial malpractice, impropriety or fraud.
- Academic or professional malpractice.
- Failure to comply with a legal obligation.
- Serious failure to comply with the Rules and Regulations of the College.
- Dangers to health and safety or the environment.
- Criminal activity.
- Miscarriages of justice.
- Improper conduct or unethical behaviours.
- Attempts to conceal any of the above.

The procedure is not intended to supplant or provide alternatives to remedies or procedures that already exist and that are appropriate to the circumstances.

- 8.2 No employee will suffer any kind of detriment should they disclose concerns provided the disclosure is made in good faith and in the reasonable belief of the employee making the disclosure that *prima facie* it shows malpractice. No action will be taken against any employee who makes a disclosure, which is, after investigation not subsequently substantiated. If, however it is considered that an employee has made a malicious or vexatious allegation, then disciplinary action may be considered against that person, particularly if he or she persists in making them when it has been concluded that after due process to be without foundation.
- 8.3 Initially the disclosure should be made in writing to the Clerk to the Board. In cases where the disclosure directly concerns the post of Clerk to the Board, the disclosure should be made to the Principal. If the subject of the disclosure concerns the Clerk to the Board and/or the Principal then the disclosure should be made to the Chair of the Audit Committee.
- 8.4 The full procedure for whistleblowing is set out in the College's [Public Interest Disclosure \(Whistleblowing\) Policy](#), which is available through the Human Resources Department.

## **9 Code of Conduct**

- 9.1 The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life as listed below (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe.

### **Selflessness**

Holders of public office should act solely in terms of the public interest.

### **Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.



## **Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

## **Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to whatever scrutiny is necessary to ensure this.

## **Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for doing so.

## **Honesty**

Holders of public office should be truthful.

## **Leadership**

Holders of public office exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

9.2 Additionally, members of the Board, senior management or those involved in procurement are required to disclose interests in the College's register of interests maintained by the Clerk to the Board, who will also be responsible for ensuring that entries in the register are kept up to date regularly and promptly.

9.3 In particular, no person shall be a signatory to a College contract where he or she also has an interest in the activities of the other party.

### 9.4 **Receiving gifts or hospitality**

The giving or receipt of gifts is not acceptable if:

- it is made with the intention of influencing a third party to obtain or retain funding or a commercial advantage, or to reward the provision or retention of funding or a commercial advantage, or in explicit or implicit exchange for favours, benefits or funding;
- it is made to a government official, agent or representative to "facilitate" or expedite a routine procedure. Gifts should not be offered to, or accepted from, government officials or representatives, or politicians or political parties, without the prior approval of the Director of Finance;
- it does not comply with local and/or UK law, as relevant;
- it is given to an individual and not in the name of the College.

It is an offence for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be:

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest;

- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

The criteria to be applied when deciding whether to pursue a proposed approach, or accept a gift, which for clarity in this document, will be known as a donation or pledge are whether:

- it would be unlawful to accept it;
- accepting it would be detrimental to, and/or in conflict with the achievement of the Purpose of the RNCM, as set out in the Articles of Government;
- accepting the donation would be detrimental to, and/or in conflict with the strategic ambitions of the RNCM and related RNCM brands;
- the donation/pledge is restricted in a way, or has conditions, unacceptable to the RNCM on the grounds of discrimination of protected characteristics.

Thus, members of staff should not accept gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be perceived by others to have been, influenced in making a business or academic decision as a consequence of accepting any such gift/hospitality. In other circumstances, receipt of gifts should not be allowed to become habitual or frequent and the frequency and scale of hospitality accepted should not be significantly greater than the College would be likely to provide in return.

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant Head of Department or the Director of Development. Further guidance can be found in the College's [Ethical Fundraising and Gift Acceptance Policy](#). Advice on how to declare items on the Gifts and Hospitality Register can be sought from the Head of Department or Director of Finance.

## 9.5 **Bribery Act 2010**

The College is committed to the values of probity and accountability and requires all staff, at all times, to act honestly and with integrity and to safeguard the resources for which they are responsible.

The College will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which the College operates. However, the College remains bound by the laws of the UK, including the Bribery Act 2010, in respect of the College's conduct both at home and abroad.

It is not acceptable for an individual (or someone on their behalf) to:

- give, promise to give, or offer, a payment, gift, hospitality with the expectation or hope that a commercial advantage will be received, or to reward a commercial advantage already given;
- give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- accept payment from a third party that where it is known or suspected that the payment is offered with the expectation that it will obtain a commercial advantage for the third party;

- accept a gift or hospitality from a third party where it is known or suspected that it is offered or provided with an expectation that a commercial advantage will be provided by the College in return;
- threatening or harassing another worker who has refused to commit a bribery offence or who has raised concerns under this Policy;
- engage in any activity that might lead to a breach of the College's [Anti-Bribery and Anti-Fraud Policy](#).

In order to provide transparency in compliance with this act, the College maintains a Gift and Hospitality register at each school, in Undergraduate Programming and in the Professional Services areas.

The College does not make, and will not accept, facilitation payments of any kind. (Facilitation payments are typically small, unofficial payments made to secure or expedite a routine government action by a government official. They are not commonly paid in the UK, but are common in some other jurisdictions in which the College operates).

## **C FINANCIAL MANAGEMENT AND CONTROL**

---

### **10 Financial Planning**

10.1 The Director of Finance is responsible for preparing annually a rolling five-year financial plan for approval by the Board on the recommendation of the Finance Committee and for preparing financial forecasts for submission to the OfS. Financial plans should be consistent with the strategic plan and its supporting strategies.

10.2 The Director of Finance is also responsible for preparing annually rolling five-year financial plans for the Trust Funds for approval by the Finance Committee. These plans will be consistent with the financial plan for the College.

#### **10.3 Budget objectives**

The Board will, from time to time, set budget objectives for the College. These will help the Director of Finance in preparing their more detailed financial plans for the College.

#### **10.4 Budget preparation**

The Director of Finance is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Finance Committee before submission to the Board. The budget should also include a cash flow forecast for the year and a projected year-end balance sheet. The Director of Finance must ensure that detailed budgets are communicated to Heads of Department as soon as possible following their approval by the Board.

During the year, the Director of Finance is responsible for submitting revised forecasts to the Finance Committee for consideration before submission to the Board for approval.

#### **10.5 Capital programmes and major projects**

The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the College's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the Board.

The Director of Finance will establish protocols for the inclusion of capital projects in the capital programme for approval by the Board. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet.

The Director of Finance will also establish procedures for the approval of variations, including the notification of large variations to the OfS, as laid down in OfS guidelines.

Following completion of a capital project which exceeds £1m, a post-project evaluation or final report should be submitted to the Finance Committee including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant funding agency, as laid down in their guidelines.

#### 10.6 **Project approval**

Governance thresholds are for projects other than routine estates works and refurbishments that exceed £250k in value to have an Outline Business Case (OBC) approved by Executive Committee, usually as an integral part of the annual planning round.

Other than routine estates works and refurbishments, a full business case is required after the approval of the OBC when projected value exceeds £500k or the project is a new, untested initiative for the College and where delivery, completion and realisation of benefits may be a risk. This level also requires approval by Finance Committee.

Templates for business cases are available on the Intranet.

### 11 **Financial Control**

#### 11.1 **Budgetary control**

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively. Budget holders are responsible to their Head of Department for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the Director of Finance by the Head of Department concerned and, if necessary, corrective action taken.

#### 11.2 **Financial information**

The Director of Finance is responsible for ensuring that budget holders are assisted in their duties with the availability of appropriate financial management information to enable them to carry out their responsibilities.

The Director of Finance is also responsible for supplying budgetary reports on all aspects of the College's finances to the Finance Committee, subject to any specific requirements of the OfS

#### 11.3 **Changes to the approved budget**

Material changes proposed to the approved budget will be recommended by the Principal to the Finance Committee, which may approve the change subject to the limits set by the Board.

#### 11.4 **Virement**

The Principal will have authority to approve virement between any budgets, subject to not committing the College in future years. The Director of Finance is responsible for

reporting such virement to the Finance Committee.

#### 11.5 **Treatment of year-end balances**

At the year end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year unless the Finance Committee has approved a specific scheme for carrying forward all or part of unspent amounts such as active capital projects.

### 12 **Accounting Arrangements**

#### 12.1 **Financial year**

The College's financial year will run from 1 August until 31 July the following year. This will also apply to the Trust Funds and other associated companies.

#### 12.2 **Basis of accounting**

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards and Statements of Recommended Practice.

#### 12.3 **Format of the financial statements**

The financial statements are prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education, subject to any specific requirements of the OfS, and in accordance with the provisions of the Companies Act 2006, if that is appropriate.

The financial statements for the Trust Funds will be prepared in accordance with Charities Statement of Recommended Practice.

#### 12.4 **Capitalisation and Depreciation**

New land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal instalments over their estimated remaining useful life. Land will not be depreciated.

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £1,000 or more. Grouped items (e.g. a suite of computers) may be capitalised. Capitalised assets other than land and buildings will be depreciated over a period of 3 to 25 years, depending on the expected life, commencing in the year of acquisition.

#### 12.5 **Accounting records**

The Director of Finance is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.

The College is required by law to retain prime documents for six years.

The Director of Finance will make appropriate arrangements for the retention of electronic records.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies.

Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder.

12.6 The Director of Finance is responsible for consolidating and despatching all financial returns and other periodic financial reports to the OfS and other funding agencies as required. The Director of Finance is also responsible for ensuring that all grants notified by the OfS and other bodies are received.

#### 12.7 **Public access**

Under the terms of the Charities Act 2016, the Board is required to supply any person with a copy of the College's most recent financial statements within two months of a request. The Act enables the Board to levy a reasonable fee and this will be charged at the discretion of the Director of Finance. The College will also allow members of the public to inspect the statement of accounts during normal working hours and make a summary available on the College's website.

#### 12.8 **Taxation**

The Director of Finance is responsible for advising Heads of Department, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. Therefore the Director of Finance will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax, import duty and international compliance where applicable. The Director of Finance will call upon external advisors for specialist advice around taxation where appropriate.

The Director of Finance is responsible for maintaining the College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

#### 12.9 **Criminal Finances Act Statement**

##### **What is the Criminal Finances Act 2017?**

The Criminal Finances Act (CFA) 2017 came into effect on 30 September 2017. Whilst it has always been a criminal offence for anyone to assist a third-party in criminal tax evasion, the new Act means that if any RNCM employee, agent or sub-contractor - irrespective of location - is found to have assisted a third-party in evading tax in the course of their duties, then there are severe 'corporate offence' consequences for the College.

Under the CFA 2017 in the event of there being both:

- criminal tax evasion by either a UK or overseas taxpayer (as an individual or an entity) under existing law, and
- criminal facilitation of this offence by an 'associated person' of the College

the College will *automatically* be charged with the offence of failing to prevent its representatives from committing the criminal act of facilitation unless it can demonstrate that it had 'adequate' or 'reasonable procedures' in place to prevent that facilitation. If found guilty, the typical consequences for the College could be an unlimited fine, reputational damage and the potential disbarment from public/governmental contracts.

## **What is our policy?**

RNCM is committed to ensuring that its employees, agents and other associated persons acting on the College's behalf are not facilitating tax evasion by another party.

The College maintains a register of possible risks of the facilitation of tax evasion by its staff and associates, as well as listing controls to mitigate those risks, and any actions required to improve those controls. This register is regularly reviewed and updated as and when required in relation to the nature of the specific risks.

The College reviews its policies and guidance in relation to the Criminal Finance Act 2017 on an annual basis alongside similar policies. This Statement should be read in conjunction with the College's *Bribery Act 2010 Statement*.

## **Responsible Officer**

The Director of Finance is as the named senior officer responsible for information, training and queries on CFA 2017 within the College. General queries, or any concerns, about the facilitation of tax evasion should be directed in the first instance to a Deputy Director of Finance.

Should staff and associates become concerned that a fellow employee or associate is facilitating a third party's tax evasion, they should immediately contact the Senior Officer or Deputy. Alternatively, staff can raise a concern under the whistleblowing procedures of the College.

## **13 Audit Requirements**

### **13.1 General**

External auditors and internal auditors shall have authority to:

- access College premises at reasonable times;
- access all assets, records, documents and correspondence relating to any financial and other transactions of the College;
- require and receive such explanations as are necessary concerning any matter under examination;
- require any employee of the College to account for cash, stores or any other College property under his or her control;
- access records belonging to third parties, such as contractors, when required.

The Director of Finance is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

The draft financial statements will be reviewed by the Audit Committee, taking advice from the external auditors. The trust fund accounts and the outturn from the consolidated accounts will be reviewed by the Finance Committee. On the recommendation of both committees they will be submitted to the Board for approval.

### **13.2 External audit**

The appointment of external auditors will take place annually and is the responsibility of the Board, which will be advised by the Audit Committee.

The primary role of external audit is to report on the College's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in

the OfS's audit code of practice and the Auditing Practices Board's statements of auditing standards.

### 13.3 **Internal audit**

The internal auditors is appointed by the Board on the recommendation of the Audit Committee.

The main responsibility of internal audit is to provide the Board, the Principal and senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the Board, Principal and Chair of the Audit Committee.

### 13.4 **Fraud and corruption**

It is the duty of all members of staff, management and the Board to notify the Director of Finance immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

The Director of Finance shall immediately invoke the following fraud response plan:

- they will notify the Principal and the Chair of the Audit Committee of the suspected irregularity and shall take such steps as they consider necessary by way of investigation and report;
- the Director of Finance shall inform the police if a criminal offence is suspected of having been committed;
- any significant cases of fraud or irregularity shall be reported to the OfS in accordance with their requirements as set out in the audit code of practice;
- the Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate;
- the internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit Committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Director of Finance and/or the Principal, the member of staff shall notify the Chair of the Audit Committee directly of their concerns regarding irregularities.

### 13.5 **Value for money**

The Board is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the OfS, the National Audit Office, the Public Accounts Committee or other relevant bodies.

To fulfil this responsibility, the Board will develop and implement a value for money strategy, involving internal audit projects and other activities. It will be used to enable the Audit Committee to refer to value for money in their annual report.

### 13.6 **Other auditors**

The College may, from time to time, be subject to audit or investigation by external bodies such as the OfS, National Audit Office, European Court of Auditors, HMRC, and other funding bodies. They have the same rights of access as external and internal auditors.



## **14 Investment and Treasury Management**

### **14.1 Investment and Treasury management policy**

The Finance Committee is responsible for approving an investment and treasury management policy statement setting out a strategy and policies for cash management, long-term investments and borrowings for both the College and the Trust Funds. This will require compliance with OfS rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Finance Committee has a responsibility to ensure implementation, monitoring and review of such policies.

All executive decisions concerning borrowing, investment or financing (within policy parameters) are delegated to the Finance Committee and the Investment Sub-Committee. All borrowing shall be undertaken in the name of the College and shall conform to any relevant OfS requirements.

The Director of Finance will report to the Finance Committee at each meeting on the activities of treasury management operation and the Investment Sub Committee will report to the Finance Committee twice a year on the exercise of delegated investment management powers and investment performance.

### **14.2 Appointment of bankers and other professional advisers**

The Board is responsible for the appointment of the College's bankers and other professional financial advisers (such as investment managers) on the recommendation of the Finance Committee. The Director of Finance shall present a report to Finance Committee at least every five years on the banking arrangements and advise whether it is appropriate to undertake a competitive tendering exercise.

### **14.3 Banking arrangements**

The Director of Finance is responsible, on behalf of the Finance Committee, for liaising with the College's bankers in relation to the College's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Director of Finance, who shall make proper arrangements for their safe custody.

The Principal and the Director of Finance, acting together may open or close a bank account for dealing with the College's funds. All bank accounts shall be in the name of the College, one of the Trust Funds or an associated company.

All cheques drawn on behalf of the College must be signed in the form approved by the Finance Committee. Cheques up to £2,000 shall require one signature. Cheques over £2,000 must be signed by two authorised persons.

All automated transfers on behalf of the College, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Finance Committee.

An authorised person will be a member of senior management and approved as a signatory by the Finance Committee.

The Director of Finance is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

## **15 Income**

### **15.1 General**

The Director of Finance is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Director of Finance.

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Finance Committee, on behalf of the Board.

The Director of Finance is responsible for the prompt collection, security and banking of all income received.

The Director of Finance is responsible for ensuring that all grants notified by the OfS and other bodies are received and appropriately recorded in the College's accounts.

The Director of Finance is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

### **15.2 Maximisation of income**

It is the responsibility of all staff to ensure that revenue to the College is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. In particular, this requires the prompt notification to the Director of Finance of sums due so that collection can be initiated.

### **15.3 Receipt of cash, cheques and other negotiable instruments**

All monies received within departments from whatever source must be recorded by the department on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments.

All monies received must be paid to the Finance Department promptly, and in accordance with the cash handling procedures. The custody and transit of all monies received must comply with the requirements of the College's insurers.

All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenses or be paid into the departmental petty cash float. Personal or other cheques must not be cashed out of money received on behalf of the College.

Receipts by credit or debit card: the College may only receive payments by debit or credit card using procedures approved by the Director of Finance.

### **15.4 Collection of debts**

All staff are responsible for notifying the Director of Finance of income which is due to the College arising from activities which they have initiated or administered. The process for income collection will follow the Income Collection Procedures.

The Director of Finance should ensure that:

- debtors invoices are raised promptly on official invoices, in respect of all income due to the College;
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account;
- any credits granted are valid, properly authorised and completely recorded;
- VAT is correctly charged where appropriate, and accounted for;

- monies received are posted to the correct debtors account;
- swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the financial procedures;
- outstanding debts are monitored and reports prepared for management.

The Director of Finance is responsible for the implementation of credit arrangements and the periods of credit granted, within guidelines established by Finance Committee.

Requests to write off debts in excess of £2,000 must be referred in writing to the Director of Finance for submission to the Finance Committee for consideration. Debts below this level may be written off on the approval of the Director of Finance.

#### 15.5 **Student fees**

The assessment and collection of tuition fees is the responsibility of the Director of Finance, who will advise the Principal on procedures to enforce overdue debts. They are responsible for ensuring that all student fees due to the College are received.

Any student who has a balance of more than £50 owing to the College for sundry items (other than tuition fees) shall not receive the certificate for any degree, diploma or other qualification awarded by the College until all outstanding debts have been cleared. Such students shall be prevented from re-enrolling at the College and from using any of the College's facilities unless appropriate arrangements have been made.

#### 15.6 **Student loans and bursaries**

The administration of student loans, bursaries, prizes and scholarships is the responsibility of the Director of Finance, whatever the source of funding. Appropriate records will be maintained to support all transactions, and will be reported to the Finance Committee.

#### 15.7 **Emergency/hardship loans**

The College's scheme for emergency/hardship loans must be approved by the Board. This will include the maximum assistance that can be given in any individual case. Under no circumstances should payments be made other than in accordance with the approved scheme. The Director of Finance is responsible for ensuring the adequacy of the systems in place for:

- approving loans in accordance with the scheme;
- paying loans that have been approved;
- recovering loans that have been paid.

#### 15.8 **Money laundering**

The College is committed to the highest standards of ethical conduct and integrity in its business activities in the UK and overseas. The [Anti-Money Laundering Policy](#) outlines how the College and its employees will manage money laundering risks and comply with its legal obligations in accordance with relevant legislation.

### 16 **Research**

#### 16.1 **The Frascati definition of research**

Research and experimental development (R&D) comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications.

#### 16.2 **Research grants and contracts**

The term 'research grant' relates to research projects funded by the UK research

councils, charities and the higher education funding bodies, mainly UKRI and OfS. All other externally financed research projects are classified as 'research contracts'. Where approaches are to be made to outside bodies for support for research projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the Director of Research to ensure that the financial implications have been appraised by the Director of Finance. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

All applications for Research Grants and Contracts should be made in line with the approved Research Grant Application Approval Process. This procedure ensures proper checks over both the financial and academic/ethical aspects of the application.

Research grants and contracts shall be accepted on behalf of the College by the Director of Research, after consulting with the Director of Finance.

The Director of Finance shall maintain all financial records relating to research grants and contracts with appropriate support from the Research Office who undertake day-to-day administration of Research Grants and Contracts.

Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. Failure to respond to these conditions often means that the College will suffer a significant financial penalty. It is the responsibility of the named supervisor or grant holder to ensure that conditions of funding are met, and to initiate claims for reimbursement.

Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific budget holder.

Control of pay and non-pay expenditure will be contained within a project code, and the budget holder will be responsible for the control of costs for that project.

### **16.3 Recovery of overheads**

Overheads will be identified in the project cost plans whether or not the funding arrangements permit full recovery.

## **17 Other Income-Generating Activity**

### **17.1 Private consultancies and other paid work**

Unless otherwise stated in a full time member of staff's contract, outside consultancies or other paid work must be undertaken through the College's Knowledge Exchange procedures or be approved by the Principal.

### **17.2 Events, such as concerts, festivals and short courses**

The Director of Finance maintains all financial records relating to concerts, festivals and other events and authorises all claims for reimbursement from sponsoring bodies by the due date.

Each event has a named manager (sometimes designated artistic director) and is assigned a specific budget centre. The budget for the direct income and expenditure for the event is prepared by the manager, and approved by the relevant Head of Department. The manager may also be required to present such information to the Director of Finance to enable them to calculate the full economic cost of the event,

including use of College staffing and resources, before the event is approved to proceed.

Control of pay and non-pay expenditure will be contained within a project code, and the event manager will be responsible for the control of costs for that project. It is also the responsibility of the event manager to ensure that conditions of and external sources of funding are met, and to initiate claims for reimbursement, including invoices to delegates and other customers.

### **17.3 Profitability and recovery of overheads**

All other income-generating activities must be consistent with the strategic plan and be self-financing or surplus-generating unless there is a strategic rationale not to do so. If that is the case, the reason for it must be specified and agreed by the Principal and the Director of Finance.

Other income-generating activities organised by members of staff must be costed and agreed with the Director of Finance before any commitments are made. Provision must be made for charging both direct and indirect costs in accordance with the College's costing and pricing policy, in particular for the recovery of overheads.

### **17.4 Additional payments to staff**

Any proposal that involves additional payments to full time members of staff should be supported by a schedule of names and values and must be approved by the Principal.

## **18 Intellectual Property Rights and Patents**

### **18.1 General**

Certain activities undertaken within the College including research and consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as Intellectual Property.

### **18.2 Patents**

The Finance Committee is responsible for establishing procedures to deal with any patents accruing to the College from inventions and discoveries made by staff in the course of their research.

### **18.3 Intellectual Property Rights**

In the event of the College deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the College's Intellectual Property process.

## **19 Expenditure**

### **19.1 General**

The Director of Finance is responsible for making payments to suppliers of goods and services to the College.

### **19.2 Scheme of delegation/financial authorities**

The Head of School / Service Area is responsible for purchases within their department. Purchasing authority may be delegated to named individuals within the department.

The Finance Department shall maintain a register of authorised signatories and Heads of School / Service Areas must supply specimen signatures of those authorised to certify invoices for payment (for paper-based systems).

Under procedures agreed by the Director of Finance, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits (for electronic systems).

The Director of Finance must be notified immediately of any changes to the authorities to commit expenditure.

Heads of School / Service Areas and budget holders are not authorised to commit the College to expenditure without first ensuring they have sufficient funds to meet the purchase cost.

### **19.3 Purchase orders**

The ordering of goods and services shall only be made by the Head of School / Service Area or those given the delegated authority.

A purchase order must be raised for all purchases in advance of placing the order. The only exception is for Catering fresh food and drink orders and the Library department, who use a specialist ordering system.

To ensure compliance with tender procedures any purchase over £10,000 (excluding VAT) must be pre-approved by a senior member of the Finance Department.

To ensure the College's compliance with relevant procurement legislation any purchase order of, or over £25,000 in value must be notified to the College's procurement advisors.

### **19.4 Calculating the Contract or Purchase Value**

For a single, one-off requirement, the Contract or purchase value is the estimated cost of the proposed requirement. There should be no forecasted repeat need for the one-off requirement within a four-year period from the date of purchase.

For a repeat or ongoing requirement, the Contract value is the estimated cost of the proposed requirement from commencement of provision and for a period of four years thereafter.

There should be no disaggregation of requirements in order to artificially lower the estimated value of the Contract or purchase value in order to avoid compliance with these Regulations.

Unless confirmed otherwise, all values stated in these Regulations in relation to purchasing are net values, exclusive of Value Added Tax (VAT).

### **19.5 Tenders and Request For Quotations**

The College should award Contracts for Supplies, Services or Works to the supplier that offers the Most Economically Advantageous Tender ("MEAT"). The College shall ensure that value for money is achieved, whilst ensuring that its processes are transparent, equal in treatment of all suppliers and proportionate to the subject matter of the proposed expenditure.

The College is a public sector organisation and as such, is bound by the specific procurement legislation that governs public expenditure. The primary legislation is the Public Contracts Regulations (2015) as amended ("the PCRs"). Budget Holders and those with delegated authority should be mindful of this specific legislation and should seek advice from the Finance Service when in doubt. Failure to adhere to the PCRs

puts the College at risk of challenge to the award of a relevant Contract, which could lead to financial and reputational damage as well as operational risk.

In addition to obtaining Tenders and Quotations directly from suppliers in closed or open competition, the College is able to access a number of public sector Framework Agreements established by purchasing consortia. Such agreements provide a timely and cost-effective route to market but should not be used at the expense of considering what represents the most economically advantageous offer to the College. Budget Holders and those with delegated authority should also be mindful of the requirement to ensure compliance with other College policies, including those related to Equality/Diversity, Health & Safety and Sustainability.

To assist Budget Holders and those with delegated authority, the College has invested in the provision of procurement advice and guidance from Tenet Education Services (Tenet). Tenet can be contacted through the Finance Service or by email to [contracts@ncm.ac.uk](mailto:contracts@ncm.ac.uk).

In all planning for expenditure due consideration should be given to Environmental, Social and Governance (ESG) issues where these impact upon the areas of spend. Where appropriate, these should be included in a procurement exercise to ensure proper consideration is given.

**Up to £9,999 (excluding VAT)**

A minimum of one quotation in writing shall be obtained. The Budget Holder and those with delegated authority shall have the discretion to decide whether or not to obtain further quotations, but value for money must always be paramount.

**From £10,000 to £24,999 (excluding VAT)**

A minimum of three quotations in writing shall be obtained. The Budget Holder and those with delegated authority shall be required to draw up a specification for the requirement, against which quotations shall be obtained. Value for money must always be paramount.

**From £25,000 to £59,999 (excluding VAT)**

A minimum of three quotations in writing shall be obtained. The Budget Holder and those with delegated authority shall be required to draw up a specification for the requirement, against which quotations shall be obtained. Evidence of MEAT must be demonstrated. The College is legally required to publish a Contract Award Notice on the UK Government's Contracts Finder Service for any award of Contract of £25,000 or greater; the publication of which will be facilitated by Tenet on behalf of the College.

**From £60,000 to £189,329 (supplies/services or £4,733,251 (works) (excluding VAT)**

A minimum of three tenders in writing shall be obtained. The Budget Holder and those with delegated authority shall be required to draw up a specification for the requirement for inclusion in a competitive tender process. Evidence of MEAT must be demonstrated, and the tender process must be managed by Tenet on behalf of the College in order to ensure compliance with relevant procurement legislation.

**Over £189,330 (Supplies/Services) or £4,733,252 (Works)**

The Budget Holder and those with delegated authority is legally obliged to ensure that any such requirement is competitively tendered in accordance with the PCRs. Evidence of MEAT must be demonstrated, and the tender process must be managed by Tenet on behalf of the College in order to ensure compliance with relevant procurement legislation. Budget Holders and those with delegated authority must ensure that adequate time is allowed to follow a compliant process which meets these

requirements and shall allow a minimum period of four months for preparation, tendering and award of Contracts of this value and above.

#### **19.6 Framework Agreements**

Framework agreements arranged by various external purchasing consortia provide an accelerated route to market for certain generic requirements. The College is a member of the North West Universities Purchasing Consortium (NWUPC) but framework agreements established by other consortia can be equally considered.

The Budget Holder and those with delegated authority shall ensure that any framework agreement accessed for the purpose of awarding a Contract must have included the College as a class of organisation included by the Consortium when establishing the framework agreement. Competition shall be established between suppliers appointed to a framework agreement, by means of mini competition to obtain tender submissions.

Where a framework agreement permits direct award to an appointed supplier and this is the College's preferred option in the specific circumstances of an individual Contract award, the Budget Holder and those with delegated authority shall keep a record of the decision made for such direct award.

#### **19.7 Electronic tendering**

All Invitations to Tender for Contracts exceeding the threshold for compliance with the PCRs must be issued and received via an electronic procurement system. This is a mandatory requirement. The Budget Holder and those with delegated authority will ensure that any Invitation to Tender complies with this requirement through the use of MultiQuote, an electronic tendering portal provided to the College by Tenet and managed on its behalf.

Electronic tendering efficient and secure way to view, upload and share documents in a timely manner amongst bidders, ensuring the basic principles of transparency and equal treatment are evidenced. Any communication between the College and suppliers invited to tender should be raised via MultiQuote. This will ensure that all tendering suppliers have access to the same information and that the process of such communication is transparent for audit purposes.

#### **19.8 Awarding Contracts**

The award of Contracts shall be the responsibility of the Principal, who shall award them within guidelines identified by the Board or its sub-committees and shall delegate authority accordingly.

As a minimum, any Contract less than £25,000 in value shall be entered into on the basis of the terms and conditions attached to the purchase order issued through the College's finance system.

Any Contract of £25,000 or greater shall be entered into on the basis of terms and conditions approved by the College. Approval of the terms and conditions of Contract will be the responsibility of the Director of Finance who may seek advice from the College's external legal advisors.

#### **19.9 Contract Management**

All Contracts awarded by the College shall have a named Contract Manager. Where no Contract Manager is named, the Budget Holder or person with delegated authority will be responsible for the management of the Contract.



Contract Managers will be responsible for reviewing, monitoring, and evaluating the College Contracts to ensure that their provisions are being followed and are being properly undertaken by the College suppliers.

During the term of any Contract, the Contract Manager should monitor the Contract in respect to the following:

- a. performance (including against agreed Key Performance Indicators, where applicable);
- b. compliance with the specification and Contract terms and conditions;
- c. cost and payment; and
- d. risk management.

Where a Contract is to be retendered as an ongoing requirement, relevant information from the Contract should be available in sufficient time to properly inform the retendering process.

Tenet can provide advice and support in respect of best practice for Contract management.

#### **19.10 Contract Modifications**

Contracts awarded by the College may be modified without recourse to a new Contract Award in certain circumstances and these are set out in the PCRs.

Contract Managers should seek advice from the Tenet if there is a proposal to modify an existing Contract of more than 10% of the existing Contract value (for example to increase the quantity of Supplies, extend the scope of Services, or the extent of Works provided).

#### **19.11 Evidencing Contracts**

Budget Holders and those with delegated authority are responsible for ensuring that any Contract with a value of £10,000 or greater is evidenced in writing. An electronic copy of all such Contracts shall be sent by email to [contracts.register@rncm.ac.uk](mailto:contracts.register@rncm.ac.uk) immediately upon award. No purchase order shall be raised against such a requirement until a signed or evidenced Contract is submitted.

The Deputy Director of Finance (Finance Services) in conjunction with Tenet shall be responsible for ensuring that the College formally publishes Contract Award Notices on Contracts Finder for any Contract with a value in excess of £25,000 notified in accordance with the requirement to evidence Contracts of £10,000 or greater.

A Register of the College's Contracts shall be maintained and updated with full details of any Contract with a value of £10,000 or greater, awarded by the College. This should clearly highlight the start and end date, with any extensions and the Contract value. The Deputy Director of Finance (Financial Services) in conjunction with Tenet, is responsible for maintaining the College Contracts Register.

#### **19.12 Procurement planning**

Prior to procuring any new or replacement Contract with a value of £10,000 or greater in accordance with these Regulations, Budget Holders and those with delegated authority shall complete and obtain approval of a Project Initiation Document (PID). A template PID is available on the College intranet. This will ensure that the necessary approvals to commit expenditure are in place prior to seeking either Requests for Quotation or Invitations to Tender in accordance with these Regulations.

The Deputy Director of Finance in conjunction with the Budget Holder or those with delegated authority are jointly responsible for ensuring adequate time is built into the process for any procurement activity. This process will allow procurement activity to be planned and any collaborative opportunities recognised.

Within each area of the College, the Head of Department is ultimately responsible for procurement planning in respect of all purchases, however funded. It is the responsibility of the Heads of Department, Budget Holders, and those with delegated authority to ensure that the College comply with these Regulations, and to notify the Director of Finance of any purchase that is likely to exceed the threshold for full compliance with the PCRs.

### 19.13 Exemptions

The following provisions fall outside the scope of the Section 19:

- a. Partnership arrangements for the provision of Supplies, Services or Works specifically approved by the Finance Committee or the Board;
- b. employment Contracts for Officers engaged on a PAYE basis;
- c. Contracts relating solely to the disposal or acquisition of securities;
- d. Contracts for the acquisition of an interest in land and property; and
- e. Contracts for the appointment of legal Counsel or the appointment of experts for the purpose of legal, or potential legal proceedings.

Investment appraisals and notifications shall comply with appropriate regulatory guidance, where applicable.

In exceptional circumstances, the College is permitted to exempt itself from these Regulations. When such occasion arises, the Budget Holder and those with delegated authority shall complete an Exceptional Circumstances form which shall be authorised jointly by the Director of Finance and any one of the Chairs of the Board of Governors, Finance Committee or Audit Committee. A template Exceptional Circumstances form is available on the College intranet.

The College is not permitted to exempt itself from compliance with the PCRs or any other formal legislation.

### 19.14 New Suppliers

New supplier requests must only be created once the correct procurement route has been followed to select the supplier. A new supplier request form must then be submitted along with the required information.

### 19.15 Receipt of goods

All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification by the department which is receiving the goods and certifying the invoice. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

All goods received shall be entered onto an appropriate goods received document. If the goods are deemed to be unsatisfactory, the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.

All persons receiving goods on behalf of the College should ideally be independent of those who negotiated prices and terms and placed the official order.

#### 19.16 **Payment of invoices**

The procedures for making all payments shall be in a form specified by the Director of Finance.

The Director of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer each week. Manual BACS payments will only be agreed in exceptional circumstances.

Heads of School / Service Areas are responsible for ensuring that expenditure within their departments does not exceed funds available.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Finance Department. Invoices directly received in the departments must be passed to the Finance Department as soon as they have been certified. Any worksheets and supporting documentation must be attached to the invoices.

Care must be taken by the budget holder to ensure that discounts receivable are obtained.

Payments will only be made by the Director of Finance against invoices that have been certified for payment by the appropriate Head of School / Service Area or budget holder (paper-based system).

Certification of an invoice or receipting of an electronic order will ensure that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory;
- where appropriate, it is matched to the order;
- invoice details (quantity, price discount) are correct;
- the invoice is arithmetically correct;
- the invoice has not previously been passed for payment;
- where appropriate, an entry has been made on a stores record or departmental inventory;
- an appropriate cost centre is quoted; this must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

#### 19.17 **Staff reimbursement**

The College's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 20.5).

#### 19.18 **Other payments**

Individual payments under 'outward collaborative provision' contracts shall be authorised by the Director of Finance. This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved under a scheme set out by the Finance Committee, and all payments should be based on detailed claims provided by the budget holder.

### 19.19 **Late payment rules**

The Late Payment of Debts (Interest) Act 2013 allow small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:

- small businesses can charge interest on overdue invoices;
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of England;
- the Act also applies to overseas organisations;
- the College can be sued for non-payment.

In view of the penalties in this Act, the Board requires that invoices must be passed for payment as soon as they are received. The College's policy is to pay all invoices within 30 days of receipt by the College.

## 20 **Pay Expenditure**

### 20.1 **Remuneration policy**

All College staff will be appointed to the salary scales approved by the Board and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Head of HR.

The Board will determine what other benefits, such as cars, medical and life insurance, are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available.

The Remuneration and Strategic Staffing Committee of the Board will determine salaries and other benefits for senior post holders and such other senior members of staff the Board may from time to time determine.

### 20.2 **Appointment of staff**

All contracts of service shall be concluded in accordance with the College's approved HR practices and procedures and all offers of employment with the College shall be made in writing by the Head of HR. Heads of Departments shall ensure that the Director of Finance and the Head of HR are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

### 20.3 **Salaries and wages**

The Director of Finance is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Director of Finance.

The Head of HR will be responsible for keeping the Director of Finance informed of all matters relating to human resources for payroll purposes. In particular these include:

- appointments, resignations, dismissals, supervisions, secondments and transfers;
- absences from duty for sickness or other reason, apart from approved leave;
- changes in remuneration including normal increments and pay awards;
- information necessary to maintain records of service for superannuation, income tax and national insurance.

The Director of Finance is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

The Director of Finance shall be responsible for keeping all records relating to payroll including those of a statutory nature.

All payments must be made in accordance with the College's detailed payroll financial procedures and comply with HMRC regulations.

#### **20.4 Superannuation schemes**

The Board is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees. The Director of Finance is responsible for day-to-day superannuation matters, including:

- paying contributions to various authorised superannuation schemes;
- preparing the annual return to various superannuation schemes.

The Head of HR is responsible for administering eligibility to pension arrangements and processing of documentation for retirements, and for informing the Director of Finance when deductions should begin or cease for staff.

#### **20.5 Travel, subsistence and other allowances**

All claims for payment of subsistence allowances, travelling and incidental expenses must be made in accordance with the Travel and Subsistence Policy. All UK travel and accommodation should be booked via the College's travel booking system through Key Travel.

Claims by members of staff must be authorised by their line manager. The certification by the head of department shall be taken to mean that:

- the journeys were authorised;
- the expenses were properly and necessarily incurred;
- the allowances are properly payable by the College;
- consideration has been given to value for money in choosing the mode of transport.

Arrangements for travel by the Principal or members of the Board shall be approved by the Board.

#### **20.6 Overseas travel**

All arrangements for overseas travel must be approved in advance by the Principal or Director of Finance. Any approvals required must be obtained in advance of committing the College to those arrangements or confirmation of any travel bookings.

#### **20.7 Severance and other non-recurring payments**

Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the Finance Committee. Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose. All such payments shall be authorised by the Principal and calculations checked by the Director of Finance. Any proposals to offer pension enhancements require approval by the Finance Committee.

## **21 Assets**

### **21.1 Land, buildings, fixed plant and machinery**

The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the Board and with reference to OfS requirements where exchequer-funded assets or exchequer funds are involved.

### **21.2 Fixed asset register**

The Director of Finance is responsible for maintaining the College's register of land, buildings, fixed plant, machinery and capital equipment (e.g. furniture, computers, musical instruments, works of art) held by departments with a value greater than £1,000 in order to maintain the balance sheet and arrange insurance. This will be updated annually to reflect additions for the year and to calculate depreciation charges. Where appropriate the fixed asset register will be reconciled to departments' own asset/equipment registers.

Annual impairment reviews will be undertaken to ensure asset valuations are not overstated in the annual accounts.

A separate musical instrument schedule is also maintained and updated biannually to meet insurance requirements.

### **21.3 Stocks and stores**

Heads of Department are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting in departments must have the approval of the Director of Finance.

Heads of Department are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

Those Heads of Department whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Director of Finance.

### **21.4 Safeguarding assets**

Heads of Department are responsible for the care, custody and security of the buildings, equipment, musical instruments, stock, stores, furniture, cash, etc. under their control. They will consult the Director of Finance promptly in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Assets owned by the College shall, so far as is practical, be effectively marked to identify them as College property.

### **21.5 Personal use**

Assets owned or leased by the College shall not be subject to personal use other than for occasional incidental use, without proper authorisation.

### **21.6 Asset disposal**

Disposal of capital items, musical instruments, equipment and furniture must be approved by the Director of Finance, after consultation with appropriate members of Executive. All staff proposing a disposal shall do so using an Asset Disposal Form.

Disposal of land and buildings must only take place with the authorisation of the Board. OfS consent may also be required if exchequer funds were involved in the acquisition of the asset.

## **22 Funds Held on Trust**

### **22.1 Gifts, benefactions and donations**

The Director of Finance is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the College and initiating claims for recovery of tax where appropriate.

### **22.2 Student welfare and access funds**

The Director of Finance is responsible for making all payments from the Trust Funds, including prizes, bursaries, scholarships and hardship payments, in accordance with the policies of the Finance Committee and the decisions of the Student Awards Committee.

Records of access funds will be maintained according to OfS requirements.

### **22.3 Voluntary funds**

The Director of Finance shall be informed of any fund that is not an official fund of the College which is controlled wholly or in part by a member of staff in relation to their function in the College.

The accounts of any such fund shall be audited by an independent external person and shall be submitted with a certificate of audit to the appropriate body. The Director of Finance shall be entitled to verify that this has been done.

Heads of Department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The Director of Finance's advice should be sought to ensure that this is the case. Heads of Department must give prompt notification to the Director of Finance of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Heads of Department must advise the Director of Finance immediately of any event that may give rise to an insurance claim. The Director of Finance will notify the College's insurers and, if appropriate, prepare a claim in conjunction with the Head of Department for transmission to the insurers.

## **23 Other**

### **23.1 Insurance**

The Director of Finance is responsible for the College's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy (see sections 7.1 to 7.4), all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets.

The Director of Finance is responsible for effecting insurance cover as determined by the Finance Committee. They are therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Director of Finance will keep a register of all insurances effected by the College and the property and risks covered. They will also deal with the College's insurers and advisers about specific insurance problems.

The Head of Operations is responsible for keeping suitable records of plant or equipment which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

All staff using their own vehicles on behalf of the College shall maintain appropriate insurance cover for business use.

### **23.2 Companies and joint ventures**

In certain circumstances it may be advantageous to the College to establish a company or a joint venture to undertake services on behalf of the College. The Board is responsible for approving the establishment of all companies or joint ventures and the procedure to be followed in order to do so. This will have regard to any guidance provided by OfS. It is the responsibility of the Board to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the College.

The directors of companies where the College is the majority shareholder must submit, via the Finance Committee, an annual report to the Board. They will also submit business plans or budgets as requested to enable the committee to assess the risk to the College. The College's internal and external auditors shall also be appointed to such companies.

Where the College is the majority shareholder in a company, that company's financial year shall be consistent with that of the College.

### **23.3 Security**

Keys to safes or other similar containers are to be carried on the person of those responsible at all times. The loss of such keys must be reported to the Director of Finance immediately.

An officer shall be responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the General Data Protection Regulation and the Data Protection Act 2018. A Data Protection Officer shall be nominated to ensure compliance with the Act and the safety of documents.

The Director of Finance is responsible for the safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Director of Finance. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

### **23.4 Students' Union**

The Students' Union is a separate legal entity from the College but is recognised to fulfil a valuable role in relation to the College's students.

Subject to any constraints imposed by the OfS, the Board shall determine the level of grant to be paid annually to the Students' Union. The Board requires the Union to provide, for information, details of its proposed budget to assist in determining the appropriate level of grant. The Board shall also approve the Students' Union annual budget.

The Students' Union is responsible for maintaining its own bank account and financial records and preparing its own annual financial statements.



At the year end the Students' Union financial statements will be audited by an appropriately qualified person and will be presented to the Board for information.