



DISTANCE LEARNING CENTRE FINANCIAL REGULATIONS

1. GENERAL

1.1 Introduction

The Centre's Directors have approved these regulations. These regulations shall apply to the Centre and to any subsidiary companies wholly owned or controlled by the Centre. All members of staff employed by the Centre, including staff of employment agencies, are required to comply within the financial regulations.

The Centre Financial Regulations provide a framework within which a reliable system of internal financial controls may operate. They seek to make certain that the responsibilities of the members of the Centre can be met through the establishment of a system of management control. This is designed to ensure that the Centre conducts its activities in an effective and efficient manner.

Throughout these regulations the term 'Directorate' should be construed to mean, collectively, the Chair of the Board of Directors and the Director of Finance.

1.2 Status of Financial Regulations

The requirement for these regulations is derived from the Instrument and Articles of Government of the Distance Learning Centre.

A member of staff who fails to comply with the financial regulations may be subject to disciplinary action. Any breach of the financial regulations will be notified to the Chair of the Board of Directors and/or the Director of

It is the responsibility of Directors and Managers to ensure that their staff are made aware of the existence and content of the Centre's financial regulations and that an adequate number of copies are available for reference within their Department/Curriculum area.

Financial Responsibilities

The **Directors** are responsible for:

- the effective and efficient use of resources;
- the solvency of the Centre;
- safeguarding the Centre's assets;
- approving annual estimates of income and expenditure and to approve the annual financial statements.

The **Chair of the Board of Directors** is responsible to the Directors for:

- the organisation, direction and management of the Centre, and the leadership of its staff;
- preparing annual estimates of income and expenditure;
- the management of the Centre within the approved budget.

The **Director of Finance** is responsible to the Chair of the Board of Directors for:

- advising on the financial aspects of the Centre's policy and on the financial administration of the Centre;



- ensuring that the Centre has satisfactory systems of financial control and management;
- preparing annual capital and revenue budgets and financial plans;
- preparing the Centre's annual accounts and financial forecasts for approval by the Directors prior to submission;
- ensuring that the financial forecasts are consistent with the Centre's approved strategic plan;
- the monitoring and control of income and expenditure.

1.3 Fraud and other irregularities

The Centre's policy on fraud and other financial irregularities is set out in Appendix 1.

2. PURCHASING

2.1 Goods Received Notification

The Centre BUDGET HOLDERS are responsible for ensuring that the quantity and quality of goods received are checked, and for ensuring that the appropriate notifications of goods received are forwarded to the purchasing section on a timely basis. The Director of Finance is responsible for ensuring that notification of satisfactory delivery has been received by the purchasing section before payment is released.

2.2 Purchase Invoices and Payments

The Director of Finance is responsible for ensuring that purchase invoices submitted to the Centre for payment correspond to the details of the purchase order to which they relate, and that payments to suppliers are generated in accordance with contract terms.

2.3 Payment Mechanisms

The Director of Finance is responsible for deciding the most appropriate method of payment of invoices. Purchase ledger BACS payments, schedules, and cheque listings must be authorised in accordance with the Centre's bank mandate.

The Centre Credit Card will be used only in accordance with detailed Centre procedures maintained by The Director of Finance.

2.4 Fixed Assets Register

The Director of Finance is responsible for maintaining a fixed asset register providing a record of Centre capital assets for accounting and control purposes. Budget Holders will provide the Director of Finance with any information needed to maintain the register.

Capitalised items must be labelled for security, identity and maintenance purposes. The IT Manager is responsible for ensuring that capitalised computer equipment is properly labelled. Directors have similar responsibilities in respect of capital items under their control.

The Director of Finance is responsible for the provision of regular fixed asset reports to the Centres Directors in order to ensure that fixed asset system records are up-to-date



and accurate. Centre Directors are required to ensure such reports are checked and returned within a timescale determined by the Director of Finance.

Depreciation rates applicable to Centre assets will be determined through the relevant information available from the Inland Revenue.

3. CASH, BANKING AND TREASURY MANAGEMENT

3.1 Banking Arrangements

Banking arrangements for the Centre and its subsidiaries will be reviewed periodically. The Director of Finance is responsible for ensuring that authorisation powers within the bank mandate are at all times appropriate to the Centre's circumstances.

No curriculum area / team, support unit or member of staff is permitted to operate a Centre bank account except with the express authority of the Policy and Resources Committee.

3.2 Petty Cash

Petty cash disbursements must follow agreed Centre procedures and be sent to the Director of Finance

4. INCOME AND CREDIT CONTROL

4.1 General

All Centre staff are responsible for ensuring that Centre income is maximised through 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 to the Centre.

4.2 Funding Agreements, Contracts and Grants

Funding agreements and contracts authorised within the conditions specified in Appendix 2. The terms of such agreements, and fees and prices embodied therein, will be determined by the Centre Directorate.

Proposals to enter into such agreements should be made in accordance with the Centre's detailed project management procedures. Copies of all contracts for income should be logged within the Finance Department.

4.3 Trading Activities

Prices and terms relating to the goods and services supplied by the Centre in the course of its non-teaching activities will be determined by the relevant Directors, having regard for guidance issued from time to time by the Director of Finance.

4.4 Tuition Fees and Student Support

The level and structure of Centre tuition fees and charges, together refund policies, must be approved by the Directors following detailed consideration by the Policy and Resources Committee.



4.5 Credit Control

Prior to entering into any new income-generating contract or agreement, the Director of Finance is responsible for establishing the credit-worthiness of parties contracting with the Centre utilising, where this is considered to be appropriate, credit referencing agencies to assist in the evaluation.

The Director of Finance is responsible for formulating debt write-off procedures for the Centre. In the context of the procedures, debt write-offs must be authorised within the conditions specified in Appendix 2.

4.6 Receipt of cash, cheques and other payment methods

All monies received within the Centre, from whatever source, must be recorded immediately on receipt via a till, enrolment form, receipt book or other appropriate method. The custody and transit of all monies received must comply with the requirements of the Centre's insurers.

All sums received must be paid in and accounted for in full, and must not be retained for local expenditure or reimbursement of petty cash. Personal or other cheques must not be cashed out of money received by the Centre.

5. GIFTS AND HOSPITALITY

It is an offence, under the Prevention of Corruption Act 1906, 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.

Thus, no member of the Centre staff should accept gifts or hospitality from suppliers or any other individual or organisation where acceptance might be construed as instrumental in the furtherance of business with the Centre, i.e. for 'commercial or academic gain' or which are valued in excess of the value specified in Appendix 2 in any one financial year. No gifts or hospitality should be accepted from potential suppliers in the period leading up to the awarding of a contract.

Hospitality may be accepted by Centre staff where clearly provided in conjunction with events relevant to the furtherance of the Centre's business [e.g. conferences, seminars, training events]. In all cases the approval of the appropriate Director must be obtained in advance of attendance at the event.



All gifts and hospitality should be recorded in a register maintained by the Director of Finance

6. INSURANCES

6.1 Insurance Cover

The Director of Finance is responsible for ensuring that adequate insurance arrangements for the Centre are in place. Insurance [and brokerage services, if applicable] will be subject to periodic market testing, including a full tender exercise at least every 5 years.

Centre Directors must give prompt notification to the Director of Finance of any potential new risks, activities, property, equipment or contracts that may affect the insurance arrangements and cover.

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

6.2 Insurance Claims

The Director of Finance is responsible for the administration of claims and logging of related details. Details of all incidents, accidents, losses, and damage to Centre's property, and complaints which may lead to a claim, must be recorded and reported to the Director of Finance.

7. PAY EXPENDITURE

7.1 Remuneration policy

The overall remuneration policy of the Centre is the responsibility of the Directors.

7.2 Appointment of Staff

The Directors are able to authorise recruitment to any vacant post. The appointment of staff without appropriate authority is a disciplinary matter.

7.3 Payroll and Pensions Administration

The Director of Finance is responsible for ensuring that proper arrangements are in place for the timely and accurate payment of all salaries, wages, severance payments, pension enhancements, fees, other emoluments and expenses to Centre employees and external lecturers.

The Director of Finance is also responsible for the timely disbursement of statutory and voluntary deductions from pay, together with employer national insurance and pension contributions, to appropriate third parties, and for maintaining appropriate records.

The Director of Studies will be responsible for keeping the Director of Finance informed of all personnel matters that impact upon payroll, including details of:

- appointments, resignations, dismissals, secondments and transfers;



- absence from work for sickness and other reasons, apart from approved paid leave;
- changes in remuneration, other than normal increments and pay awards; and
- information necessary to maintain records of service for superannuation, income tax and national insurance.

Such information shall be processed by the Director of Finance only if recorded on the relevant Centre documentation and if correctly authorised by a member of the HR function.

7.4 Travel, Subsistence and Other Expenses

All claims for payments of travel, subsistence and other expenses shall be completed in a form approved by the Director of Finance. Terms and rates of payment will be determined, from time to time, on the recommendation of the Company Directors. Claims by members of staff must be authorised in accordance with Appendix 2. In submitting a claim, the claimant is confirming that the journeys/expenses were properly and necessarily undertaken / incurred in order to fulfil the claimant's role. Authorisation of claim forms shall be taken to mean that:

- the journeys were authorised;
- the expenses were properly and necessarily incurred;
- the expenses are properly payable by the Centre.

Staff should give consideration to value for money in choosing the mode of transport. Expenditure on pre-booked travel and accommodation should be incurred through the normal purchasing procedures.

8. RISK MANAGEMENT

The Directors acknowledge the risks inherent in the Centre's activities and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. The Directors have overall responsibility for ensuring that there is a common approach to the management of those risks which pose a significant threat to the achievement of its business objectives and financial health. This will be achieved through the development and implementation of a structured risk management process.

9. TAXATION

The Director of Finance is responsible for ensuring that all direct and indirect tax payable by the Centre is properly accounted for and transferred to the appropriate authority by the due date.

10. THIRD PARTY OUTWARD COLLABORATION – FRANCHISING

The Chair to the Board of Directors is responsible for ensuring that the College's arrangements for managing franchised provision, including contracting, controls of provision and reporting to the Directors.



11. REGISTER OF INTERESTS

The Directorate and staff with significant financial responsibility who have interests held externally to the Centre are required to complete a register of interests and to update this at least annually. All register of interest forms are available for public inspection.



APPENDIX 1

DISTANCE LEARNING CENTRE FRAUD POLICY STATEMENT

1. What is a fraud / financial irregularity?

Fraud is a generic term for a number of types of activity that result in the theft or attempted theft of property or money. Fraud involves intentional deceit and is very different to, and does not include, negligence and accidental error.

2. Identification of a potential financial irregularity

The 'Whistle Blowing Procedure' is intended to encourage staff to inform management of their genuine and legitimate concerns about serious malpractice, fraud or corruption in order that management can investigate.

Any member of staff identifying a potential financial irregularity should inform a Director.

3. Decisions relating to required action

The decision on the preliminary investigation must be taken by the Chair of the Board of Directors, normally in consultation with the Finance Director.

4. Potential actions by the Chief Executive

Upon receiving notification of a potential financial irregularity there are three potential courses of action:

No further action	Where the Chair of the Board of Directors considers that there are no grounds for further investigation or action. This course should be substantiated in writing, filed with the Director of Finance, and notified to the member of staff raising the concern.
Instigate a preliminary investigation	Commence an investigation to explore the concerns raised.
Contact police	Direct invitation to the police to carry out a review – where prima facie fraud or theft has occurred.

5. Conducting a preliminary investigation

If the Chair of the Board of Directors considers that a preliminary investigation is necessary s/he must determine the nature and extent of the investigation and the team required to perform it. The decisions will be determined by the nature of the initial evidence.

6. Investigation team

The Investigation Team compositions options include the Finance Director and the Director of Studies.

7. Components of investigation



The Chair of the board of Directors should agree the terms of reference of the investigation that will include:

- scope of the investigation;
- provisional timescale;
- working arrangement;
- reporting lines and requirements.

8. Investigations

Each investigation will be determined by specific requirements but is likely to include:

- reference to the Centre's Disciplinary Procedure, where Centre staff are thought to be involved;
- understanding of the relevant systems;
- collection of all relevant documentary evidence;
- understanding of the requirements of financial regulations and, where appropriate, other procedures;
- initial interviews with key staff; following the Disciplinary Procedure Guidelines;
- where applicable, initial interviews with those making allegations; following the Disciplinary Procedure Guidelines;
- preparation of a draft report to the Chair of the Board of Directors incorporating recommendations for action, which may include:
 - no further work required;
 - further work necessary in certain areas;
 - move to investigation under College Disciplinary Procedures;
 - invite police involvement;
 - proposals to improve systems / procedures / security, as appropriate
- decision by the Chair of the Board of Directors.

9. Interviews

The interviews need to be carried out in a formal way following the guidance in the Centre's Disciplinary Procedure with the knowledge that, potentially, evidence could later become court evidence or used in a disciplinary investigation.

The following minimum requirements must be followed:

- The employee under investigation must be advised that the investigation is being carried out under the Fraud Policy and potentially may result in a recommendation for disciplinary action under the College's Disciplinary Procedure;
- All interviews should be carried out in the presence of one independent person. Notes should be taken of each interview, at the time of the interview, and be signed by the interviewer. The interviewee must be invited to sign the notes and if they decline, that refusal should also be recorded;
- Statements may be helpful in certain investigations. Statements should be signed and dated by the individual.

10. Reporting



A report should be prepared for the Chair of the Board of Directors. Again the exact nature should be determined by the specifics of the situation, but the following headings may be appropriate:

- Introduction
- Terms of reference
- Executive summary
- Action recommendations
- Investigation process
- Detailed findings
- Appendices providing evidence, copies of documentation etc.

These reports will, taken together, form a register of fraud incidents. This register will be maintained by the Chief Executive.

11. Disciplinary Action and Suspension

If, during or following the preliminary investigation, there are allegations of misconduct concerning an employee, the Disciplinary Procedure will be followed.

If the disciplinary procedures are enacted, or if the police are contacted at any time, the Chair of the Board of Directors must be notified.



APPENDIX 2

Item		Agreed by whom
Capital programme	Purchases above £5000	All Company Directors
Virement	Up to £5,000	Any Director
Purchase requisitions	Up to £5,000	Any Director
Choice supplier	Up to £2000 [where not covered by College contract]	Director of Finance, who shall take appropriate steps to ensure value for money.
	£2000 +	All Company Directors, after receipt of 3 written / verbal quotes.
Asset Disposals	Up to £5,000 [estimated value]	Any Director
	Over £50,000	All Company Directors
Disposal procedures	Up to £5,000	Finance Director to obtain at least 2 quotes.
	Over £5,000	Finance Director to obtain 3 written, sealed bids.
Petty Cash	Up to £75	Any Director
	Over £75	Director of Finance
Funding Agreements / Contracts	Up to £25,000	Any Director
	Over £25,000	All Company Directors
Write off of debts		Director of Finance
Gifts and hospitality	Up to £30	Any Director
	Over £30	Not to be accepted
Settlement of Insurance claim	Up to £50,000	Director of Finance
	Over £50,000	All Company Directors
Travel / subsistence claims	All	Director of Finance