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# 1 GENERAL PROVISIONS

## 1.1 BACKGROUND

- 1.1.1 The Royal Academy of Music was constituted as a corporate body with perpetual succession by Royal Charter on 23 June 1830 and is governed by its Charter and Bye-Laws which can only be amended with the approval of the Privy Council. The Governing Body has ultimate responsibility for the affairs of the Academy.
- 1.1.2 The Academy is a registered charity by virtue of the Charities Act 1993, charity number 310007 and a company registered with Companies House, number RC000438.
- 1.1.3 The Office for Students (OfS) is the regulator and the Academy is required to operate in line accordance with the published Terms and conditions of funding for higher education institutions. The Governing Body is responsible for ensuring that the conditions of the grant are met. The Academy is required to adhere to the Committee of University Chairs' The Higher Education Code of Governance (Code of Governance) and the Higher Education Audit Committees Code of Practice, which require it to have sound systems of financial and management control. The Financial Regulations form part of the overall system of accountability.

## 1.2 STATUS OF FINANCIAL REGULATIONS

- 1.2.1 These Financial Regulations are subordinate to the Academy's Charter and Bye-Laws and to any restrictions contained within the Audit Committees Code of Practice and Code of Governance.
- 1.2.2 The purpose of these Financial Regulations is to provide control over the Academy's resources and provide the Governing Body with assurances that resources are being appropriately applied. The objectives of the Financial Regulations are to safeguard the Academy's assets, ensure compliance with all relevant legislation, promote value for money, ensure financial viability and ensure that effective controls are established over the use of public funds. These Regulations apply to the Academy and all subsidiary and connected entities.
- 1.2.3 Compliance with the Financial Regulations is compulsory for all employees and those connected with the Academy. Failure to comply with the Financial Regulations may result in disciplinary action under the Academy's Discipline and Appeal Policy. The Governing Body 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 Financial Regulations and the requirements for compliance.
- 1.2.4 The Finance and General Purposes Committee is responsible for maintaining a regular review of the Financial Regulations, through the Director of Finance, and for advising the Governing Body of any additions or amendments.

- 1.2.5 In exceptional circumstances the Finance and General Purposes Committee may authorise a departure from the Financial Regulations, such a departure to be reported to the Governing Body at the earliest opportunity.
- 1.2.6 The Academy's detailed financial procedures support the Financial Regulations and are contained in a separate manual which is available via the intranet to all departments.

## 2 CORPORATE GOVERNANCE

### 2.1 THE GOVERNING BODY

- 2.1.1 The Governing Body has ultimate responsibility for the management and administration of the Academy. Its financial responsibilities are to:
- a) Ensure the solvency of the Academy.
  - b) Safeguard the Academy's assets.
  - c) Ensure the effective and efficient use of resources.
  - d) Ensure that the funds provided by the OfS or any subsequent funding body are used in accordance with the terms and conditions specified in the Terms and conditions of funding.
  - e) Ensure that effective financial control systems are in place.
  - f) Ensure that the Academy complies with the Audit Committee Code of Practice and the Code of Governance.
  - g) Approve the Academy's Strategic Plan.
  - h) Approve the annual budget and the annual financial statements.
  - i) Appoint the Academy's internal and external auditors.
- 2.1.2 The Governing Body, while ultimately responsible for the Academy's finances, delegates the review of these functions to the Finance and General Purposes Committee, Remuneration Committee and Audit Committee. Terms of reference for these Committees are determined by the Governing Body.
- 2.1.3 Where approval by the Finance and General Purposes Committee is required before an action can be taken by officers, this approval may be given by the Chair of the Finance and General Purposes Committee in urgent cases. Where Chair's action has been taken, this must be reported to the Committee at the next available opportunity.
- ### 2.2 RESPONSIBILITIES OF THE PRINCIPAL
- 2.2.1 The Principal, as Accountable Officer, has responsibility for its financial administration. The Principal is also required to advise the Governing Body on the discharge of all its responsibilities under the Terms and conditions of funding, Audit Committees Code of Practice and Code of Governance. The Principal is

personally responsible for and accountable to the OfS or any subsequent funding body for funds received from the funding body.

2.2.2 The Principal must:

- a) Sign the Annual Report.
- b) Ensure proper accounting records are maintained in a form required by management and in the form prescribed for published accounts.
- c) Ensure that all funds and assets are controlled and safeguarded.
- d) Ensure that in the consideration of policy, all relevant financial issues are taken into account.
- e) Ensure that effective management systems, including financial monitoring and control systems, have been put in place.

2.2.3 The Principal shall advise the Finance and General Purposes Committee if, at any time, any action or policy under consideration is incompatible with the Terms and conditions of funding or the Financial Regulations and if any matter is likely to have significant adverse financial consequences.

## 2.3 COMMITTEE STRUCTURE

### **Governing Body**

2.3.1 The Governing Body has ultimate responsibility for the Academy's finances, but delegates specific powers and processes to the Finance and General Purposes Committee, Remuneration Committee and Audit Committee. These Committees are accountable to the Governing Body. The terms of reference of the Governing Body are set out at Appendix A.

### **Finance and General Purposes Committee**

2.3.2 Monitoring of the Academy's financial position is undertaken by the Finance and General Purposes Committee. The Committee examines annual estimates and accounts and recommends their approval to the Governing Body. The Finance and General Purposes Committee also monitors progress against agreed budgets. It considers any other matters relevant to the financial duties of the Governing Body and makes recommendations accordingly. The Committee also ensures that the Governing Body has adequate information to enable it to discharge its financial responsibilities. The terms of reference of the Finance and General Purposes Committee are set out at Appendix B.

### **Remuneration Committee**

2.3.3 Consideration of the Principal and Senior Management Team's pay and conditions is the responsibility of the Remuneration Committee. The Committee makes recommendations to the Governing Body on their remuneration, including pay and other benefits, as well as contractual arrangements. The terms of reference of the Remuneration Committee are set out at Appendix C.

## **Audit Committee**

- 2.3.4 The Academy is required by the Audit Committee Code of Practice and Code of Governance to appoint an Audit Committee. The Audit Committee is independent, advisory and reports to the Governing Body. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must ensure that sound financial control systems are in place and must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The terms of reference of the Audit Committee are set out at Appendix D.

## **2.4 OTHER SENIOR MANAGERS WITH FINANCIAL RESPONSIBILITY**

### **The Director of Finance**

- 2.4.1 In the discharge of their responsibilities the Principal shall delegate to the Director of Finance the responsibility for:
- a) Preparing annual budgets and financial plans.
  - b) Preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations.
  - c) Preparing the Academy's annual accounts and other financial statements and accounts which the institution is required to submit to other authorities.
  - d) Ensuring that the Academy maintains satisfactory financial systems.
  - e) Providing professional advice on all matters relating to financial policies and procedures.
  - f) Day-to-day liaison with internal and external auditors in order to achieve efficient processes.

### **Heads of Department**

- 2.4.2 Heads of Department are responsible for the budget and financial management of the areas or activities they control. They are advised by the Director of Finance in executing their financial duties. The Director of Finance should 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.

### **All Members of Staff**

- 2.4.3 All members of staff should be aware of and have a general responsibility for the security of the Academy's property, for avoiding loss and for due economy in the use of resources. They should ensure that they are aware of the Academy's financial authority limits and the correct procedures to be followed for the

purchase of goods and services for which quotations and tenders are required. They are responsible for achieving value for money in all their activities.

- 2.4.4 They should make available any relevant records or information to the Director of Finance or their authorised representative in connection with the implementation of the Academy's financial policies, these Financial Regulations and the systems of financial control. They shall provide the Director of Finance with such financial and other information as they may deem necessary to carry out the requirements of the Governing Body.
- 2.4.5 They shall immediately notify the Director of Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning, cash or property of the Academy. The Director of Finance shall take such steps as they consider necessary by way of investigation and report accordingly.

## 2.5 RISK MANAGEMENT

- 2.5.1 The Academy acknowledges the risks inherent in its business, and is committed to managing those risks which pose a significant threat to the achievements of its objectives and financial health.
- 2.5.2 The Governing Body has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the Academy through the development and implementation of a formal, structured risk management process. The Governing Body, whilst ultimately responsible for the Academy's risk management strategy, delegates responsibility for the review of the effectiveness of risk management arrangements to the Audit Committee.
- 2.5.3 In line with this policy, the Governing Body requires that the risk management strategy and supporting procedures include:
- a) The adoption of common terminology in relation to the definition of risk and risk management.
  - b) The establishment of Academy-wide criteria for the measurement of risk.
  - c) A decision on the level of risk to be accepted.
  - d) A decision on the level of risk to be covered by insurance.
  - e) Review at department level to identify significant risks associated with the achievement of key objectives and other relevant areas.
  - f) Development of contingency plans for all significant risks.
  - g) Regular reporting to the Governing Body of all risks above established tolerance levels.
  - h) An annual review of the implementation of risk management arrangements.
- The strategy and procedures should be capable of independent verification.

## 2.6 WHISTLEBLOWING

- 2.6.1 Whistleblowing in the context of Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety of the environment and the cover-up of any of these. Whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 2.6.2 Concern about a workplace matter should be raised with an individual's Head of Department. However, the Academy recognises that the seriousness or sensitivity of some issues may make this difficult or impossible. A member of staff may, therefore, make the disclosure to the Director of Finance or one of the Deputy Principals. If the member of staff does not wish to raise the matter with this person, it may be raised with the Principal, the Chair of the Governing Body or the Chair of the Audit Committee. Further details of the Public Interest Disclosure Act are set out at Appendix E.
- 2.6.3 The full procedure for whistleblowing is set out in the Academy's Whistleblowing Policy, which is available through the Human Resources (HR) Department and published on the intranet.

## 2.7 CODE OF CONDUCT

- 2.7.1 The Academy 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, which members of staff at all levels are expected to observe. These principles, which the Academy has adopted as its code of conduct, are set out at Appendix F. In addition, the Academy expects that staff at all levels will observe its code of conduct contained in its detailed financial procedures, which cover:
- a) probity and propriety
  - b) selflessness, objectivity and honesty
  - c) relationships
- 2.7.2 Members of the Governing Body, Senior Management Team and Heads of Departments or those involved in procurement or in a position of influence are required to disclose interests in the Academy's register of interests maintained by the Secretary to the Governing Body. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly.
- 2.7.3 In particular, no person shall be a signatory to a contract between the Academy and another party where they also have an interest in the activities of the other party.
- 2.7.4 Under the Bribery Act 2010 it is an offence for any member of staff or any agent acting for the Academy to offer a bribe to someone on the Academy's behalf.

## 2.8 GIFTS OR HOSPITALITY

- 2.8.1 It is an offence under the Bribery Act 2010 for members of staff to accept 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:
- a) The conduct of individuals should not create suspicion of any conflict between their official duty and their private interest.
  - b) The action of individuals 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.
- 2.8.2 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 Finance. Guidance on acceptable hospitality is contained in the detailed financial procedures and members of staff in receipt of such gifts or hospitality are obliged to notify the Director of Finance.

## 3 FINANCIAL MANAGEMENT AND CONTROL

### 3.1 FINANCIAL PLANS

- 3.1.1 The Director of Finance is responsible for preparing annually a rolling three-year financial plan for approval by the Finance and General Purposes Committee and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the Strategic Plan approved by the Governing Body.

#### **Budget Preparation**

- 3.1.2 The Director of Finance is responsible for preparing each year an annual revenue budget for consideration by the Finance and General Purposes Committee before submission to the Governing Body. The budget should be prepared in accordance with the Academy's objectives and aims as set out in the Strategic Plan. The Director of Finance must ensure that detailed budgets are communicated to Heads of Department as soon as possible following their approval. During the year, the Director of Finance is responsible for submitting revised budgets and forecasts to the Finance and General Purposes Committee for consideration, as appropriate.

#### **Capital Bids**

- 3.1.3 During the budget process Heads of Departments should prepare written bids for capital projects. The bids are considered by the Planning Group for recommendations to the Senior Management Team, measured against agreed criteria and approved in the light of available resources. Major capital projects, in excess of £250,000, will be submitted to the Finance and General Purposes



Committee for approval. Items over £1,000,000 will require the approval of the Governing Body.

3.1.4 The proposed capital bids should be supported by:

- a) A statement which demonstrates the project's consistency with the Strategic Plan.
- b) An initial budget for the project, which should include a breakdown of costs including professional fees, VAT and funding sources.
- c) An investment appraisal, if appropriate, in a format which complies with funding body guidance on option and investment appraisal.
- d) A demonstration of compliance with normal tendering procedures and funding body regulations.

3.1.5 The budget holder for the capital projects will be the person submitting the original bid and will be responsible to the Director of Finance for controlling the finances of the project thereafter.

#### **Overseas Activity**

3.1.6 In planning and undertaking overseas activity, the Academy must have due regard to any relevant guidelines issued by the funding body.

#### **Other Major Developments**

3.1.7 Any new aspect of business, or proposed establishment of a company or joint venture, which will require a significant investment in buildings, resources or staff time should be presented for approval to the Finance and General Purposes Committee and the Governing Body.

### **3.2 FINANCIAL CONTROL**

#### **Budgetary Control**

3.2.1 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 the Director of Finance for the budgets which they control. Significant departures from agreed budgetary targets must be reported immediately to the Director of Finance by the Heads of Department concerned and, if necessary, corrective action taken.

#### **Financial Information**

3.2.2 Budget holders receive management information to enable them to monitor their budgets. The types of management information available together with the timings at which they can be expected are described in the financial procedures.

3.2.3 The Director of Finance is responsible for reporting on the Academy's finances to the Finance and General Purposes Committee.

3.2.4 A budget holder wishing to vire (transfer money between budgets) should seek the approval of the Director of Finance or Head of Finance.

### 3.3 ACCOUNTING ARRANGEMENTS

#### **Financial Year**

3.3.1 The Academy's financial year runs from 1 August until 31 July the following year.

#### **Basis of Accounting**

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

#### **Format of the Financial Statements**

3.3.3 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 funding body.

3.3.4 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.

3.3.5 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.

3.3.6 Expenditure incurred on the acquisition of assets such as buildings, instruments, computers, will be recorded in the balance sheet where the acquisition cost per item is £10,000 or more for an asset and £25,000 or more for refurbishments which add value.

#### **Accounting Records**

3.3.7 The Director of Finance is responsible for the retention of financial documents and the Academy is required by law to retain prime documents for six years. These should be kept in a form that is acceptable to the relevant authorities. Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations. Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder. A detailed retention schedule is included in the financial procedures.

#### **Public Access**

3.3.8 Under the terms of the Charities Act 2011, the Governing Body is required to supply any person with a copy of the Academy's most recent financial statements within two months of a request. Copies of the most recent financial statements are available from the Academy's website. Details of how to obtain further

information under the Freedom of Information Act 2000 are available on the Academy's website.

### **Taxation**

- 3.3.9 Heads of Department are required to comply with statutory requirements including those concerning VAT, PAYE, national insurance and corporation tax. Guidance is set out in the financial procedures.
- 3.3.10 The Director of Finance is responsible for maintaining the Academy's tax records, making all tax payments, receiving tax credits and gift aid and submitting tax returns by their due date as appropriate.

## **3.4 AUDIT REQUIREMENTS**

### **General**

- 3.4.1 External auditors and internal auditors shall have authority to:
- a) Access Academy premises at reasonable times.
  - b) Access all assets, records, documents and correspondence relating to any financial and other transactions of the Academy.
  - c) Request and receive such explanations as are necessary concerning any matter under examination.
  - d) Require any employee of the Academy to account for cash, stores or any other property under their control.
  - e) Access records belonging to third parties, such as contractors, when required.
- 3.4.2 The Director of Finance is responsible for drawing up a timetable for the preparation of the financial statements in consultation with the external auditors. Following consideration by the Finance and General Purposes Committee, and the Audit Committee, the financial statements should be submitted to the Governing Body for approval.

### **External Audit**

- 3.4.3 The appointment of external auditors is the responsibility of the Governing Body, on the recommendation of the Audit Committee. The primary role of external audit is to report on the Academy's financial statements and to carry out such examination of the statements, underlying records and control systems as are necessary to reach an opinion on the statements. Their duties will be in accordance with advice set out in the Audit Committees Code of Practice and the Audit Practices Board's statements of auditing standards.

### **Internal Audit**

- 3.4.4 The internal auditors are appointed by the Governing Body on the recommendation of the Audit Committee.

3.4.5 The OfS requires that it has an effective internal control arrangement. The function, duties and responsibilities of internal audit must be in accordance with advice set out in the Audit Committees Code of Practice and Code of Governance. The main responsibility of internal audit is to provide the Governing Body, the Principal and Senior Management Team with assurances on the adequacy and effectiveness of risk management, control and governance. The internal audit service remains independent in its planning and operation, but has direct access to the Chair of the Audit Committee.

### **Fraud and Corruption**

- 3.4.6 It is the duty of all members of staff, Senior Management Team and the Governing Body 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.
- 3.4.7 The Director of Finance shall immediately notify the Principal and the Audit Committee (through its Chair) of the suspected irregularity and shall take such steps, as they consider necessary, by way of investigation and report accordingly.
- 3.4.8 The Principal shall inform the police if a criminal offence is suspected of having been committed and any significant cases of fraud or irregularity shall be reported to the funding body in accordance with its requirements and to the Charity Commission.
- 3.4.9 The Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, as appropriate, and shall receive a report on preventative measures.
- 3.4.10 If the suspected fraud is thought to involve the Principal or Director of Finance, the member of staff shall notify the Chair of the Audit Committee direct.

### **3.5 VALUE FOR MONEY**

- 3.5.1 It is a requirement of the OfS that the Governing Body should deliver 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 by the funding body, National Audit Office, Public Accounts Committee or other relevant bodies.
- 3.5.2 Internal audit is to have regard to value for money in its programme of work. This will be used to enable the Audit Committee to refer to value for money in its annual report.

### **Other Auditors**

- 3.5.3 The Academy may, from time to time, be subject to audit or investigation by external bodies such as the funding body, National Audit Office, European Court of Auditors and HM Revenue and Customs. They have the same rights of access as external and internal auditors.

## 3.6 TREASURY MANAGEMENT

### **Treasury Management Policy**

- 3.6.1 The Finance and General Purposes Committee is responsible for approving a strategy and policies for cash management, long-term investments and borrowing. This will require compliance with funding body regulations regarding approval for any secured or unsecured loans. The Finance and General Purposes Committee has a responsibility to ensure implementation, monitoring and review of such policies.
- 3.6.2 All executive decisions concerning borrowing, investments or financing (within policy parameters) shall be delegated to the Director of Finance. All borrowing shall be undertaken in the name of the Academy and shall conform to any relevant funding body requirements. The Director of Finance and their staff are required to act in accordance with the CIPFA's Code of Practice.
- 3.6.3 The Director of Finance shall report to the Finance and General Purposes Committee on cash management and borrowings. The Academy's fund managers shall have discretion to manage the Academy's portfolio under direction from the Investment sub-Committee and shall report on progress to the Investment Sub-Committee.

### **Appointment of Bankers and Other Professional Advisers**

- 3.6.4 The Finance and General Purposes Committee is responsible for approving the appointment of the Academy's bankers and other professional financial advisers.

### **Banking Arrangements**

- 3.6.5 The Director of Finance is responsible for liaising with the Academy's bankers. All cheques shall be ordered on the authority of the Director of Finance who shall make proper arrangements for their safe custody.
- 3.6.6 Only the Director of Finance together with the Principal may open or close a bank account for dealing with the Academy's funds. All bank accounts shall be in the name of the Academy or one of its trusts or subsidiary companies.
- 3.6.7 Payments should, where possible, be made by BACS/CHAPS/Wire transfer, with cheques only used where no other option is available. All cheques and other payments drawn on behalf of the Academy must be signed in accordance with the financial procedures. Cheques and other payments up to £2,000 shall require one authorised signature. Cheques and other payments of £2,000 or over must be signed by two authorised persons. Details of authorised persons and limits are contained in the Academy's financial procedures.
- 3.6.8 All automated transfers on behalf of the Academy, such as BACS or CHAPS, must be authorised in the appropriate manner. Details of authorised persons and limits are contained in the Academy's detailed financial procedures.

- 3.6.9 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.

## INCOME

### **General**

- 3.7.1 The Director of Finance is responsible for ensuring that appropriate procedures are in operation to enable the Academy 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.
- 3.7.2 The Director of Finance is responsible for:
- a) The prompt collection, security and banking of all income received.
  - b) Ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the Academy's accounts.
- 3.7.3 All officers must notify the Finance Department promptly, of any income which becomes due to the Academy.
- 3.7.4 Receipt of monies:
- a) All monies received by departments must be recorded on a daily basis, with prompt arrangements for banking, in accordance with the financial procedures.
  - b) The Academy will not accept cash in settlement of any debts nor as a donation unless by prior agreement with the Head of Finance.
- 3.7.5 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 Academy.
- 3.7.6 The Director of Finance is responsible for ensuring records are maintained in respect of gifts, benefactions and donations made to the Academy and for initiating claims for recovery of tax where appropriate.

### **Collection of Debts**

- 3.7.7 The Director of Finance should ensure that:
- a) Debtors' invoices are raised promptly in respect of all income due.
  - b) Invoices are prepared with care, and are recorded appropriately.
  - c) Any credits granted are valid, properly authorised and completely recorded.
  - d) VAT is correctly charged where appropriate, and accounted for.
  - e) Monies received are posted to the correct debtors' account.

- f) Swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the financial procedures.
  - g) Outstanding debts are monitored and followed up.
- 3.7.8 The procedures for collecting tuition and residence fees must be approved by the Director of Finance. Where a student has not paid an account for tuition fees to the Academy, the examination board will not ratify their results and as a consequence, they may not be in a position to progress or graduate until the debt has been cleared. Students with outstanding debts shall be subject to the sanctions detailed in the Tuition Fee Debtor Policy and may be prevented from re-enrolling at the Academy and from using any of the Academy's facilities. Students facing extreme financial difficulty are able to request instalment plans which may alleviate debt problems.
- 3.7.9 Failure to pay for accommodation fees or other ancillary debts may result in permission to attend the graduation ceremony being revoked and privileges such as library usage being revoked. In extreme cases, the Academy may evict students where significant accommodation debts are accrued. The Academy reserves the right to use debt collection agencies to secure any monies owed, including but not exclusively, tuition fee debts, accommodation debts, library fines or instrument loans.
- 3.7.10 The Director of Finance may write off individual debts up to £5,000 which are deemed to be irrecoverable. For any individual debt over this threshold, the write-off must be approved by the Finance and General Purposes Committee.

## 3.8 RESEARCH GRANTS AND CONTRACTS

- 3.8.1 The term 'research grant' is restricted to research projects funded by the UK research councils, charities and the higher education funding bodies. All other externally financed research projects are classified as 'research contracts'.
- 3.8.2 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 Head of Department 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.
- 3.8.3 The Principal is responsible for authorising every formal application to external bodies for research grants and shall ensure that Heads of Department makes adequate provision of resources to meet all commitments. The Director of Finance should ensure that the full cost of research contracts is established, including an apportionment for overheads. Research grants and contracts shall be accepted on behalf of the Academy by the Principal.
- 3.8.4 The Director of Finance shall maintain all financial records relating to research grants and contracts and shall ensure that all claims for reimbursement are submitted to sponsoring bodies by the due date.

- 3.8.5 Staff undertaking research will maintain appropriate records specified by the Director of Finance to enable compilation of returns to the funding body which meet the requirements of the Transparent Approach to Costing (TRAC).
- 3.8.6 Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. It is the responsibility of the named supervisor or grant holder to ensure that conditions of funding are met and appropriate reports are submitted to the grantors.

### 3.9 OTHER INCOME GENERATING ACTIVITY

#### **Short Courses**

- 3.9.1 In this context a short course is any course which does not form part of the award-bearing teaching load of the department. Any staff wishing to run a short course must have the permission of the Deputy Principal and the Head of Department.

#### **Profitability and Recovery of Overheads**

- 3.9.2 All short courses should be self-financing or surplus generating. Provision should be made for charging both direct and indirect costs in accordance with the Academy's costing and pricing policy, in particular for the recovery of overheads.

### 3.10 INTELLECTUAL PROPERTY RIGHTS AND PATENTS

- 3.10.1 The Finance and General Purposes Committee is responsible for establishing procedures to deal with any patents accruing to the Academy from inventions and discoveries made by staff in the course of their research.
- 3.10.2 In the event of the Academy deciding to become involved in the commercial exploitation of inventions and research, the matter should proceed in accordance with the intellectual property procedures issued by the Academy.

### 3.11 EXPENDITURE

#### **General**

- 3.11.1 The Director of Finance is responsible for authorising payments to suppliers of goods and services to the Academy.

#### **Scheme of Delegation/Financial Authorities**

- 3.11.2 Heads of Department are responsible for purchases within their departments. Purchasing authority may be delegated to named individuals within the department. In exercising this delegated authority, budget holders are required to observe the Academy's purchasing policies and levels of delegation contained within the financial procedures.
- 3.11.3 The Director of Finance shall maintain a register of authorised signatories, and Heads of Department must supply specimen signatures of those authorised to commit expenditure and certify invoices for payment. Any signatory changes must be notified immediately.



- 3.11.4 No expenditure is to be committed either orally or in writing unless relevant internal approvals have been obtained and there is sufficient provision in the Academy's approved budget.
- 3.11.5 Officers who have delegated authority to incur expenditure should do so in accordance with the financial procedures of the Academy.

The officers identified below are authorised to commit expenditure, certify orders, authorise invoices for payments and sign contracts within the limits shown, provided sufficient budgetary provision exists for the proposed expenditure and the competition/tender requirements of these regulations have been adhered to. Limits relate to overall value over the life of the contract.

### **Revenue and Capital Expenditure Approval Limits**

Under £2,000	Budget holders (except for Head of Estates whose limit is under £10,000)
£2,000 and over	Director of Finance or Head of Finance
£20,000 and over	Director of Finance plus either Principal or Head of Finance
£1,000,000 and over	Governing Body, approval process as specified in Board resolutions

Any service costing in excess of £100,000 pa should be approved by the Finance and General Purposes Committee. Monthly tax payments to HMRC are outside the scope of these limits, and need to be approved by both the Head of Finance and the Director of Finance.

Any capital expenditure in excess of £250,000 should be approved by the Finance and General Purposes Committee.

All personal expenses reimbursements should be countersigned by the Director of Finance, Head of Finance or Finance Manager. Expenses claimed by the Director of Finance should be countersigned by the Principal. The Principal's expenses should be countersigned by the Chair of the Governing Body.

### **Procurement**

- 3.11.6 The Director of Finance is responsible for overseeing policies and procedures relating to procurement activities at the Academy. The Academy requires all budget holders, irrespective of the source of funds, to seek value for money in obtaining supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice. Factors to be considered in determining lowest cost are noted in the financial procedures and procurement manual.
- 3.11.8 The sourcing, tendering and ordering of good and services shall be in accordance with the UK Public Procurement Regulations as detailed in Appendix G and the procurement manual.

- 3.11.9 Where possible, purchases and contracts should be placed with the Academy's preferred supplier contracts or by using public sector framework agreements. Details of how to access these agreements are contained within the procurement manual.
- 3.11.10 Where a supplier contract or framework agreement is not available, all purchases should be made in accordance with the procurement rules in Appendix G.
- 3.11.11 The value of a contract or purchase is determined by the whole life cost of the purchase. For goods this includes the cost of purchase, maintenance over its lifetime, lease costs over the lifetime of the product, cost of any consumables (including energy usage) and disposal. For services the value includes the cost of the service over the **total** length of the contract. Further definitions can be found in the procurement manual.
- 3.11.12 The value of spend on a particular good or service is calculated by looking at the spend of that category or item or service across the Academy.
- 3.11.13 All contracts or purchases with a value greater than or equal to £25,000 are, by law, subject to advertising stipulations. Budget holders must disclose these purchases and contracts to the Head of Finance and/or Academy's Procurement Manager **before** entering into an agreement to purchase.
- 3.11.14 Where a tender/quotation is not carried out, for any reason, this is called a single tender action. Single tender actions of £10,000 or more but not exceeding £50,000 requires the prior approval of the Principal and the Director of Finance. Single tender actions in excess of £50,000 require formal approval of the Finance and General Purposes Committee.
- 3.11.15 For single tender actions, the purchaser must complete a single tender action form, which can be found in the procurement manual. This form ensures there is an audit trail as to why the normal rules have not been followed and should contain a solid justification for not getting competitive quotations. These forms are stored centrally so that the Academy can evidence the decision in accordance with our value for money obligations.
- 3.11.16 Contracts and orders should be made using the Academy's own set of Terms and Conditions and buyers should use the Academy's Request for Quote (RFQ) and Invitation to Tender (ITT) templates to request quotes and tenders, where possible.
- 3.11.17 All contracts and purchases with a greater value than £25,000 should be notified to the Finance Manager and stored on a central contracts register.
- 3.11.18 All tenders with a value greater than £25,000 should be run in consultation with the Academy's procurement advisers, Ensemble purchasing.
- 3.11.19 All procurement guidance, resources and templates will be available for staff on the Academy's intranet.
- 3.11.20 The receipt, issue and opening of tenders should conform with the financial procedures. Acceptance of tenders is subject to:
- a) The advice of the appropriate technical officers.

b) The prior approval of the Director of Finance and the Principal where it is proposed to accept a tender other than the lowest cost or a bid other than the highest.

c) Sufficient budgetary approval to accommodate the estimated expenditure.

### **Payment of Invoices**

- 3.11.21 The procedures for making all payments shall be in a form specified by the Director of Finance. Invoices received in respect of goods and services by the Academy must be checked by the budget holder against orders, agreements or contracts and then certified that the goods and services have been supplied and the invoice is correct as to price in accordance with the financial procedures. Invoices will be paid through the Finance Department within terms of the invoice, subject to a minimum payment term of 10 working days.
- 3.11.22 Heads of Department are responsible for ensuring that expenditure within their department does not exceed their agreed budget.
- 3.11.23 Suppliers should be instructed by the budget holder to submit invoices for goods or services to the department concerned. Invoices must be passed to the Finance Department as soon as they have been certified. Care must be taken by the budget holder to ensure that discounts receivable are obtained.
- 3.11.24 Payments made by the Academy which are not the subject of a submitted invoice should be on the appropriate payment requisition voucher certified by the appropriate authorised signatory. Payment requisitions may be used on their own only where no invoice exists and they must have sufficient backing documentation to justify the proposed payment. Where an invoice can reasonably be obtained it must be provided to the Finance Department.
- 3.11.25 Trade accounts may be opened only in accordance with the financial procedures. All purchases on account must have supporting invoices and be notified to the Finance Department accordingly.
- 3.11.26 Direct debits may be authorised only by the Director of Finance or Head of Finance.
- 3.11.27 Requests for payments must be submitted to the Finance Department in a timely manner.

### **Staff Reimbursement**

- 3.11.28 The Academy's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the accounts payable system without staff having to incur any personal expense. However, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement. Further details can be found in the financial procedures.

### **Academy Credit Cards**

- 3.11.29 Where appropriate, the Director of Finance or Head of Finance may approve the issuing of Academy credit cards for the payment of valid business purposes only. They will be responsible for introducing appropriate accounting and financial controls and for keeping a list of registered cards.

### **Petty Cash**

- 3.11.30 Petty cash will be kept on an imprest system; the size of the imprest account will be determined by the Director of Finance. Details are contained in the financial procedures.

### **Other Payments**

- 3.11.31 Payments for maintenance and other funds to students on behalf of sponsoring organisations shall be made in accordance with the financial procedures.

### **Giving Hospitality**

- 3.11.32 Staff entertaining guests from outside bodies at lunchtime should normally use the Academy's catering facilities. Guidelines concerning acceptable expenditure for entertaining guests are set out in the Academy's financial procedures.

## **3.12 PAY EXPENDITURE**

### **Remuneration Policy**

- 3.12.1 Staff should be appointed to the agreed salary scales or on a market rate of pay, and in accordance with appropriate conditions of service. All letters of appointment must be issued by the HR Department. Salaries and other benefits for the Senior Management Team will be determined by the Remuneration Committee.

### **Appointment of Staff**

- 3.12.2 All contracts of service shall be concluded in accordance with the Academy's approved HR practices and procedures and all offers of employment with the Academy shall be made in writing by the HR Department. Budget holders shall ensure that the HR Department is provided promptly with all information which may be required in connection with the appointment, resignation or dismissal of employees.

### **Salaries and Wages**

- 3.12.3 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. All casual and part-time workers will be included on the payroll.
- 3.12.4 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 Academy's detailed payroll financial procedures and comply with HM Revenue and Customs' Regulations. The Finance Department will provide appropriate advice to ensure compliance with IR35 requirements.

## **Pension Schemes**

- 3.12.5 The Governing Body is responsible for undertaking the role of employer in relation to making appropriate pension arrangements for employees. The Director of Finance is responsible for day-to-day pension matters, including:
- a) Paying contributions to various authorised pension schemes.
  - b) Preparing returns to various pension schemes.
  - c) Ensuring pension arrangements are correctly administered.

## **Travel, Subsistence and Other Allowances**

- 3.12.6 Travel should be booked in advance at the cheapest price available. First class travel is only allowable in exceptional circumstances to be approved in advance by the Head of Finance or Director of Finance. All claims for payment of subsistence allowances, travelling and incidental expenses shall be submitted using a form provided by the Director of Finance. Details can be found in the financial procedures.

## **Overseas Travel**

- 3.12.7 All staff are under an obligation to seek the best value for money in respect of travel arrangements.. Arrangements for overseas travel should be approved in advance in accordance with the financial procedures.

## **3.13 ASSETS**

### **Land, Buildings, Fixed Plant and Machinery**

- 3.13.1 The purchase, lease or rent of land or buildings can only be undertaken with authority from the Governing Body and with reference to funding body requirements where exchequer-funded assets or exchequer funds are involved.

### **Inventories**

- 3.13.2 The Director of Finance is responsible for maintaining an asset register for all assets costing £10,000 or more and refurbishments costing £25,000 or more. In addition to the asset register, Heads of Department are responsible for maintaining inventories for all instruments and other assets within their departments. The inventory must include items donated or held on trust.
- 3.13.3 Inventories should be checked annually by the Heads of Departments and be maintained in the form as described in the financial procedures.

### **Safeguarding Assets**

- 3.13.4 Heads of Department are responsible for the care, custody and security of assets under their control. They should consult the Director of Finance 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 Academy shall, so far as is practical, be effectively marked to identify them as institutional property.

## **Personal Use**

- 3.13.5 Assets owned or leased by the Academy shall not be subject to personal use without proper authorisation.

## **Asset Disposal**

- 3.13.6 Disposal of assets must be in accordance with the Academy's detailed financial procedures. Assets which cost £2,000 or less may be disposed of by budget holders. Disposal of assets with a value in excess of £2,000 requires the authorisation of the Director of Finance. Disposals in excess of £5,000 require the approval of both the Director of Finance and the Principal. Disposal of items in the Collections requires authorisation by the Governing Body.

## **3.14 FUNDS HELD ON TRUST**

### **Gifts, Benefactors and Donations**

- 3.14.1 The Director of Finance is responsible for ensuring records are maintained in respect of gifts, benefactors and donations made to the Academy and initiating claims for recovery of tax where appropriate.

### **Student Welfare and Access Funds**

- 3.14.2 The Director of Finance will prescribe the format for recording the use of student welfare funds. Records of access funds will be maintained according to funding body requirements.

### **Trust Funds**

- 3.14.3 The Director of Finance is responsible for maintaining records of the requirements for any trust funds based on information from the Development Department, and for advising the Finance and General Purposes Committee on the control and investment of fund balances.
- 3.14.4 The Finance and General Purposes Committee is responsible for ensuring that all the Academy's trust funds are operated within any relevant legislation and the specific requirements for each trust. The Committee will also be responsible for investment of fund balances.

### **Voluntary Funds**

- 3.14.5 The Director of Finance shall be informed of any fund which is not an official fund of the Academy which is controlled wholly or in part by a member of staff in relation to his or her function in the Academy. 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.

## **3.15 OTHER**

### **Insurance**

- 3.15.1 The Director of Finance is responsible for the Academy's insurance arrangements including the provision of advice on the types of cover available. As part of the overall risk management strategy, all risks should be considered and those most effectively dealt with by insurance cover should be identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets.
- 3.15.2 Heads of Department must give prompt notification to the Director of Finance of any potential new risks, any additional property and equipment which may require insurance, and any changed risks.
- 3.15.3 Heads of Department must ensure that any agreements negotiated with external bodies cover any legal liabilities to which the Academy 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 events or assets which may require insurance and of any alterations affecting existing risks. Heads of Department must advise the Director of Finance immediately of any event which may give rise to an insurance claim.

#### **Companies and Joint Ventures**

- 3.15.4 In certain circumstances it may be advantageous to establish a company or a joint venture to undertake services on behalf of the Academy. The Governing Body is responsible for approving the establishment of all companies or joint ventures and the procedures to be followed.
- 3.15.5 It is the responsibility of the Governing Body to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the Academy.

#### **Security**

- 3.15.6 Heads of Department are responsible for maintaining proper security at all times and shall consult the Director of Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 3.15.7 Keys to safes or other similar containers are to be kept secure at all times. The loss of such keys must be reported to the Director of Finance immediately.
- 3.15.8 The Head of Information and Communications Technology (ICT) shall be responsible for maintaining proper security and privacy of information held on computer. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 2018, the Academy's Data Protection Policy and other relevant legislation.

## APPENDIX A: TERMS OF REFERENCE GOVERNING BODY

<b>Status:</b>	Governing Body
<b>Junior Committees:</b>	Academic Board Audit Committee Bicentenary Board Conferment of Academic Titles Committee Equality, Diversity & Inclusion Committee Finance and General Purposes Committee Gift Acceptance Committee Health and Safety Committee Honours Committee Nominations Committee Remuneration Committee

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The powers, duties and responsibilities of the Governing Body are laid down by the Supplemental Royal Charter and its Schedule of Bye-Laws. The Governing Body is also required, where appropriate, to conduct its business in line with the Statutes and Ordinances of the University of London of which the Academy is a member. The Governing Body has the following responsibilities:

### **Responsibilities**

The Governing Body has the following responsibilities:

#### All Members

- 1 To convene a General Meeting of the Governing Body whenever it is deemed necessary.
- 2 To make rules, orders and regulations as are deemed useful and necessary for the regulation and management of the Academy.
- 3 To determine the process of electing future Presidents and members of the Governing Body in accordance with the Bye-Laws.
- 4 To determine the time and place of Governing Body meetings.
- 5 To determine the admission of Members to the Academy and the privileges to be conferred upon them and the classes to which they may belong.
- 6 To decide the annual or other sums of money to be paid by the Members of the Academy.
- 7 To determine the educational character and mission of the Academy.
- 8 To safeguard the Academy's assets.
- 9 To appoint, grade, appraise, suspend, dismiss and determine the pay and conditions of service of the Principal.
- 10 To set a framework for the pay and conditions of service of all the Academy's other staff.
- 11 To approve annual estimates of income and expenditure.



- 12 To establish committees and sub-committees as it considers desirable, including:
- (i) A **Finance and General Purposes Committee** to oversee the Academy's financial affairs consisting of not less than three Independent Members of the Governing Body and such other persons as the Governing Body shall nominate, with responsibility to supervise the day-to-day operations of the Academy.
  - (ii) An **Audit Committee** to oversee the annual audit of the Academy's financial affairs consisting of not less than three independent Members of the Governing Body.

#### Independent Members

- 13 To appoint and remove the members of the Senior Management Team and determine their terms of employment and remuneration.
- 14 To make all decisions regarding the acquisition or disposal of material assets of the Academy and/or any merger of the Academy with any other body or institution.
- 15 To nominate the Chair of the Governing Body.
- 16 To deal exclusively with such other matters as the Chair of the Governing Body shall from time to time decide.
- 17 To support and encourage the consideration of equality issues with regards to the activities of the committee. This should be done in accordance with the Academy's Equality and Diversity policy and the Guidelines for chairs, secretaries and members of committees.

#### **Meetings**

The Committee will meet not less than four times per year.

#### **Constitution, Membership and Quorum**

There shall be a minimum of 12 and a maximum of 20 members.

Independent Members: 12 to 15 members shall be appointed by the Governing Body

Representative Members shall be:

not more than 2 elected by professional staff  
not more than 1 elected by administrative staff  
not more than 2 students elected by the students

The quorum for each meeting shall be a minimum of 5 members, of whom a majority are independent members.

Last updated: October 2021

## APPENDIX B: TERMS OF REFERENCE FINANCE AND GENERAL PURPOSES COMMITTEE

<b>Status:</b>	Senior Committee
<b>Parent Committee:</b>	The Governing Body
<b>Junior Committees:</b>	Investment Sub-Committee

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### **Authority**

The Finance and General Purposes Committee is authorised by the Governing Body to oversee the effective management and control of the financial and general affairs of the Academy in accordance with the Terms and conditions of funding for higher education institutions between the Office for Students (OfS) and the Academy and to make recommendations to the Governing Body.

The Committee is authorised by the Governing Body to obtain legal or other independent legal professional advice on matters within its terms of reference and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, in consultation with the Principal and/or Chair of the Governing Body. However it may not incur direct expenditure without the prior approval of the Governing Body.

### **Responsibilities**

Subject to any general or particular direction which from time to time may be given by the Governing Body, the duties of the Finance and General Purposes Committee shall be to:

- 1 Keep under review the financial and general affairs of the Academy and make appropriate financial recommendations to the Governing Body.
- 2 Oversee all financial aspects of the Academy's operations to ensure the short and long term viability of the organisation.
- 3 Keep under review the financial management of the Academy including:
  - 3.1 Approval of financial regulations and procedures.
  - 3.2 Approval of expenditure and write off debts in accordance with the Financial Regulations.
  - 3.3 Reviewing the Management Accounts and monitoring performance against budget.
  - 3.4 Overseeing capital approval, procedures and expenditure relating to major capital projects.
  - 3.5 Overall borrowing requirements including any overdraft facility.
  - 3.6 The financial implications of acquisitions and disposals and proposals for the development of the Academy's estate.
  - 3.7 Matters relating to the Academy's subsidiary companies.
- 4 Ensure that systems are in place for the effective and efficient management of resources and financial operations.

- 5 Ensure the Academy's financial assets are safeguarded.
- 6 Ensure that the requirements of the Terms and conditions of funding for higher education institutions between the OfS and the Academy are fulfilled.
- 7 Advise the Governing Body on:
  - a) The Academy's financial strategies including the allocation of resources.
  - b) The annual estimates of income and expenditure.
  - c) Performance against budget during the year and any action that may be necessary to ensure that the Academy remains within the annual budget.
  - d) The annual statement of audited accounts and its consistency with financial information reviewed by the Committee during the year.
  - e) The management of cash and borrowings.
  - f) Unbudgeted expenditure in excess of £20,000 and the financial and other resource implications.
  - g) Student fee rates.
- 7 Receive an annual report on donations to the Academy.
- 8 Review, develop and recommend to the Governing Body policies and procedures relating to the remuneration of staff and other pertinent matters, including:
  - a) The employment policies and procedures of the Academy.
  - b) The framework for the pay and conditions of service of all the Academy's staff.
- 9 Monitor and oversee the Academy's pension schemes, the funding position, determine the policy towards the national pensions schemes that the Academy participates in, advise the Governing Body on any financial implications and to recommend any actions that may be required.
- 10 Approve the appointment of bankers for the Academy and to agree the terms of such appointments, including any fees which may be payable.
- 11 Oversee the management of the Academy's investments and the employment of investment managers.
- 12 Ensure that there is insurance cover in place to protect the Academy against all major risks.
- 13 Appoint such sub-committees as it may deem necessary.
- 14 Support and encourage the consideration of equality issues with regards to the activities of the Committee. This should be done in accordance with the Academy's Equality and Diversity policy and the Guidelines for chairs, secretaries and members of committees.

### **Constitution, Membership and Quorum**

The Finance and General Purposes Committee shall comprise at least five members: no fewer than three independent members of the Governing Body (including the Chair) who are not members of the Audit Committee; the Principal and Director of Finance.

A quorum shall be three independent members.

### **Meetings**

Frequency of meetings: the Committee will meet at least three times per year and as necessary.

### **Clerking Arrangements**

The Secretary to the Governing Body is also Secretary to the Finance and General Purposes Committee.

### **Reporting Procedures**

Minutes of meetings of the Finance and General Purposes Committee are to be distributed to members of the Committee and attendees on a timely basis, prior to the next meeting.

Minutes of the Finance and General Purposes Committee are to be presented to the next meeting of the Governing Body together with the Summary Income and Expenditure account from the latest Management Accounts.

Last updated: November 2021

## APPENDIX C: TERMS OF REFERENCE REMUNERATION COMMITTEE

<b>Status:</b>	Senior Committee
<b>Parent Committee:</b>	Governing Body

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### **The Higher Education Senior Staff Remuneration Code**

The Governing Body adopted the Higher Education Senior Staff Remuneration Code (the Remuneration Code) in June 2018 and is committed to fair and appropriate remuneration for all staff.

#### **Authority**

The Remuneration Committee must give consideration to the public interest and safeguarding of public funds alongside contractual obligations and the interests of the Academy, when determining all forms of remuneration<sup>1</sup>.

The Remuneration Committee is authorised by the Governing Body to obtain legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary. It may not incur direct expenditure without the prior approval of the Governing Body.

#### **Responsibilities**

Subject to any general or particular direction which from time to time may be given by the Governing Body, the duties of the Remuneration Committee shall be to:

- 1 Review, develop and recommend to the Governing Body policies and procedures relating to the remuneration of the Principal, Senior Management Team and any other senior staff with remuneration over £100,000, and other pertinent matters.
- 2 Recommend to the Governing Body the terms of employment, remuneration, pension arrangements and severance payments, if appropriate, of the Principal and the Director of Finance.
- 3 Determine the terms of employment, remuneration and severance payments, if appropriate, of the members of the Senior Management Team.
- 4 Agree the policy for authorising claims for expenses for the Principal and Senior Management Team.
- 5 Present an annual report to the Governing Body detailing the activities of the Committee, decisions made and recommendations for approval, which will form the basis of an annual statement for publication, in accordance with the Remuneration Code.
- 6 To support and encourage the consideration of equality issues with regards to the activities of the Committee in accordance with the Academy's Equality and Diversity policy and the Guidelines for chairs, secretaries and members of committees.

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<sup>1</sup> In accordance with the Remuneration Code, remuneration includes not only basic salary but also bonuses, expenses and other allowances, and the monetary value of benefits in kind including housing and cars, etc.

## **Meetings**

The Remuneration Committee will meet once annually and as required. With the prior approval of the Chair, urgent matters may be considered and agreed through email correspondence.

## **Membership and Quorum**

The Remuneration Committee and its Chair shall be appointed by the Governing Body from among its own members and must consist of independent members with no executive responsibility for the management of the Academy.

The Committee may, if it considers it necessary or desirable, co-opt members with particular expertise, such as the Director of Finance.

There shall be a minimum of three Independent Members of the Governing Body, including the Chair. The Chair of the Governing Body must not be the Chair of the Committee.

The quorum for each meeting shall be two Independent Members and the Director of Human Resources.

## **Clerking Arrangements**

The Secretary to the Governing Body is also the Secretary to the Remuneration Committee.

## **Reporting Procedures**

Minutes of meetings of the Remuneration Committee are to be distributed to members of the Committee and attendees on a timely basis, prior to the next meeting.

Last reviewed October 2021

## APPENDIX D: TERMS OF REFERENCE AUDIT COMMITTEE

<b>Status:</b>	Senior Committee
<b>Parent committee:</b>	The Governing Body
<b>Junior committees:</b>	None

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### **Constitution**

The Governing Body has established a Committee of the Governing Body known as the Audit Committee.

### **Scope**

It is the role of the Audit Committee to advise and assist the Governing Body in respect of the entire assurance and control environment of the Academy.

### **Authority**

The Audit Committee is authorised by the Governing Body to investigate any activity within its terms of reference, It is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the Committee.

The Audit Committee is authorised by the Governing Body to obtain outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, normally in consultation with the Principal and/or Chair of the Governing Body. However it may not incur direct expenditure in this respect of more than £5,000 without the prior approval of the Governing Body.

The Audit Committee is authorised to recommend the approval of all audit planning documents to the Governing Body.

The Audit Committee will review the audit of the draft annual financial statements. These aspects will include the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the external auditors' management letter. The Committee should, where appropriate, confirm with the internal and external auditors that the effectiveness of the internal control system has been reviewed, and comment on this in its annual report to the Governing Body.

### **Responsibilities**

Subject to any general or particular direction which from time to time may be given by the Governing Body, the duties of the Audit Committee shall be to:

#### **1. External Audit**

- 1.1 Advise the Governing Body on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors and the fee, and any questions of resignation or dismissal of the external auditors.
- 1.2 Discuss with the external auditors and approve, before the audit begins, the nature and scope of the audit.

- 1.3 Discuss with the external auditors problems and reservations arising from the interim and final audits, including a review of the management letter, incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary).
- 1.4 Monitor the implementation of agreed audit-based recommendations.
- 1.5 Monitor annually the performance and effectiveness of the external auditors, including any matters affecting their objectivity, and make recommendations to the Governing Body concerning their reappointment, where appropriate.

## **2. Internal Audit**

- 2.1 Consider and advise the Governing Body on the appointment and terms of engagement of the internal audit service (and the head of internal audit if applicable), the audit fee, the provision of any non-audit services by the internal auditors, and any questions of resignation or dismissal of the internal auditors.
- 2.2 Review the internal auditors' audit risk assessment, strategy and programme consider major findings of internal audit investigations and management response; and promote co-ordination between the internal and external auditors. The Committee will ensure that sufficient resources are made available for internal audit to meet the Academy's needs (or make a recommendation to the Governing Body as appropriate).
- 2.3 Review and approve the annual internal audit plan to ensure it is aligned to the key risks.
- 2.4 Monitor annually the performance and effectiveness of internal auditors, including any matters affecting their objectivity, and make recommendations to the Governing Body concerning their reappointment, where appropriate.

## **3. Internal Controls and Risk Management**

- 3.1 Keep under review the effectiveness of the risk management, culture, control and governance arrangements, and in particular review the external auditors' management letter, the internal auditors' annual report, and management responses.
- 3.2 Keep under review internal financial control systems that identify, assess, manage and monitor financial risks, and other internal controls and risk management systems, including cyber security.
- 3.3 Oversight of the OfS regulatory regime, safeguarding and its cyclical review, and Modern Slavery.
- 3.4 Review and approve the statements to be included in the annual risk management report concerning internal control, risk management and the viability statement.
- 3.5 Confirm with the internal and external auditors that the effectiveness of the internal control system has been reviewed and comment on this on this Annual Report to the Governing Body and Principal.
- 3.6 Satisfy itself that adequate arrangements are in place to ensure the sustainability of the institution and to promote economy, efficiency and effectiveness. This may include consideration of arrangements that:



- a) Support the culture and behaviour that is prevalent within the Academy.
- b) Ensure the effective management of conflicts of interest.
- c) Enable the appointment of 'fit and proper persons' to the Governing Body and senior executive positions.

3.7 Receive any relevant reports from the National Audit Office, the regulator and other organisations.

3.8 Monitor the implementation of agreed audit-based recommendations from whatever source.

3.9 Monitor other relevant sources of assurance, for example other external reviews.

#### **4. Compliance, Fraud, Whistleblowing and Prevent**

4.1 Ensure that all significant losses have been thoroughly investigated and that the internal and external auditors – and where appropriate the regulator – have been informed.

4.2 Oversee the Academy's policy on fraud and irregularity, including being notified of any action taken under that policy.

4.3 Satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns are made to external stakeholders and regulatory bodies.

4.4 Review systems and controls for the prevent of bribery and receive reports on non-compliance.

4.5 Oversight of the Criminal Finances Act.

4.6 Review the Whistleblowing Policy and the adequacy and security of arrangements for staff and students to raise concerns in confidence.

4.7 Oversight of compliance with the Academy's Prevent duty and reporting responsibilities.

4.8 Oversight of GDPR arrangements.

4.9 In the event of the merger or dissolution of the Academy, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

#### **5. Financial Reporting**

5.1 Consider elements of the annual financial statements in the presence of the external auditors, including the auditors' formal opinion, the statement of members' responsibilities and the statement of internal control, in accordance with the regulator's accounts direction.

5.2 Monitor the integrity of the annual financial statements, including the annual report, and review significant financial reporting issues and judgements which they contain, and report to the Governing Body. The Committee shall review and challenge where necessary:

- The consistency of, and any changes to, accounting policies.
- The methods used to account for significant or unusual transactions where different approaches are possible.

- Whether the Academy has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor.
- The clarity of disclosures of the Academy's financial reports and the context in which statements are made.
- All material information presented with the financial statements, such as the corporate governance statement (in so far as it relates to audit and risk management).

5.3 Ensure that all significant losses have been properly investigated and that the internal and external auditors - and where appropriate the funding council's accounting officer - have been informed.

## 6. Reporting

6.1 Minutes (or a report) of meetings of the Audit Committee are to be presented all members of the Governing Body.

6.2 The Audit Committee will produce an Annual Report covering the Academy's financial year and any significant issues up to the date of preparing the report. The report will be addressed to the Governing Body and the Principal and will summarise the activity for the year. It will give the Committee's opinion of the adequacy and effectiveness of the Academy's arrangements for the following:

- Risk management, control and governance (the risk management element includes the accuracy of the statement of internal control included with the annual statements of accounts)
- Sustainability, economy, efficiency and effectiveness.

This opinion should be based on the information presented to the Committee. The Audit Committee Annual Report should normally be submitted to the Governing Body before the members' responsibility statement in the annual financial statements is signed.

The report will usually be published after consideration by the Governing Body.

## Membership and Quorum

All members of the Audit Committee and its Chair shall be appointed by the Governing Body, from among its own members, and must consist of members with no executive responsibility for the management of the Academy. There shall be no fewer than three independent members; a quorum shall be at least two independent members. The Chair of the Governing Body and Chair of the Finance Committee should not be members of the Audit Committee. Members should not have significant interests in the Academy.

At least one member should have recent relevant experience in finance, accounting or auditing. The Committee may, if it considers it necessary or desirable, co-opt members with relevant expertise.

## Attendance at meetings

Members may participate in meetings by telephone or conference facility by agreement with the Chair.

The Director of Finance, the head of internal audit and a representative of the external auditors shall normally attend meetings where business relevant to them is to be discussed. The Committee has the right, whenever it is satisfied that this is appropriate, to go into confidential session and exclude any or all other participants and observers other than the Audit Committee Secretary.

### **Frequency of meetings**

The Committee will meet at least three times each financial year and otherwise as required. The external auditors or head of internal audit may request a meeting if they consider it necessary.

At least once per annum members of the Committee will meet with the external and internal auditors without any officers present.

### **Clerking Arrangements**

The Secretary to the Governing Body will be the Secretary to the Audit Committee or another appropriate independent individual).

### **Review**

The Audit Committee should periodically (and at a minimum of every four years) undertake a review of its terms of reference and its own effectiveness and recommend any necessary changes to the Governing Body.

Last updated: November 2021

## APPENDIX E: MAIN FEATURE OF THE PUBLIC DISCLOSURE ACT 1998

### Summary

The Act came into force on 2 July 1999. It encourages people to blow the whistle about malpractice in the workplace and is designed to ensure that organisations respond by acting on the message rather than against the messenger. The Act applies to employees blowing the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It applies whether or not the information is confidential and extends to malpractice occurring in the UK and any other country or territory. In addition to employees, it covers trainees, agency staff, contractors, home workers, trainees and every professional in the NHS. Employment law restrictions on minimum length of service and age do not apply. At present, the Act does not cover the genuinely self-employed, volunteers, the army, intelligence services or police officers. The Act has been described as 'the most far reaching whistleblower protection in the world'.

### Internal Disclosures

A disclosure in good faith to a manager or the employer will be protected if the whistleblower has a reasonable suspicion that the malpractice has occurred, is occurring or is likely to occur.

### Regulatory Disclosures

The Act protects disclosures made in good faith to prescribed bodies such as the Health and Safety Executive, the Financial Services Authority and the Inland Revenue, where the whistleblower has a reasonable belief that the information and their allegation(s) are substantially true.

### Wider Disclosures

Wider disclosures (eg to the police, the media, MPs, and non-prescribed regulators) are protected if, in addition to the tests for regulatory disclosures, they are reasonable in all the circumstances and they meet one of the three preconditions. Provided they are not made for personal gain, these preconditions are that the whistleblower:

- Reasonably believed they would be victimised if they raised the matter internally or with a designated regulator.
- Reasonably believed a cover-up was likely and there was no regulator.
- Had already raised the matter internally or with a prescribed regulator.

An employee who makes a wide, public disclosure is more likely to be protected if there was no internal procedure set up.

### Full Protection

Where the whistleblower is victimised in breach of the Act they can bring a claim to an employment tribunal for compensation. Awards are uncapped and based on the losses suffered. Additionally, where an employee is sacked, they may apply for an interim order to keep their job. Not all disclosures made by an employee are protected under the Act. Those that are include criminal acts, health and safety violations, breaches of legislation and miscarriages of justice. However, such acts are only protected as long as the disclosure is made in good faith to the employer, or any other person authorised under a

procedure set up by the employer for this purpose. (Disclosures can also be made to appropriate regulatory bodies, such as the Health and Safety Executive.) Where an employee reasonably suspects malpractice (and this includes any crime), they will be protected from victimisation where they raise the matter in good faith with a person who is legally responsible for whistleblowing.

### **Qualifying Areas**

The qualifying areas consist of information that the employee reasonably believes tends to show one or more of the following matters is either happening now, took place in the past, or is likely to happen in the future:

- A criminal offence.
- The breach of a legal obligation.
- A miscarriage of justice.
- A danger to the health or safety of any individual.
- Damage to the environment.
- Deliberate covering up of information tending to show any of the above five matters.

## APPENDIX F: THE SEVEN PRINCIPLES OF PUBLIC LIFE FROM THE NOLAN REPORT OF THE COMMITTEE FOR STANDARDS IN PUBLIC LIFE (THE NOLAN REPORT)

### **Selflessness**

Holders of public office should take decisions solely in terms of public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that may influence them in the performance of their official duties.

### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

### **Accountability**

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

### **Openness**

Holders of public office should be as open as possible about all their decisions and the actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

### **Honesty**

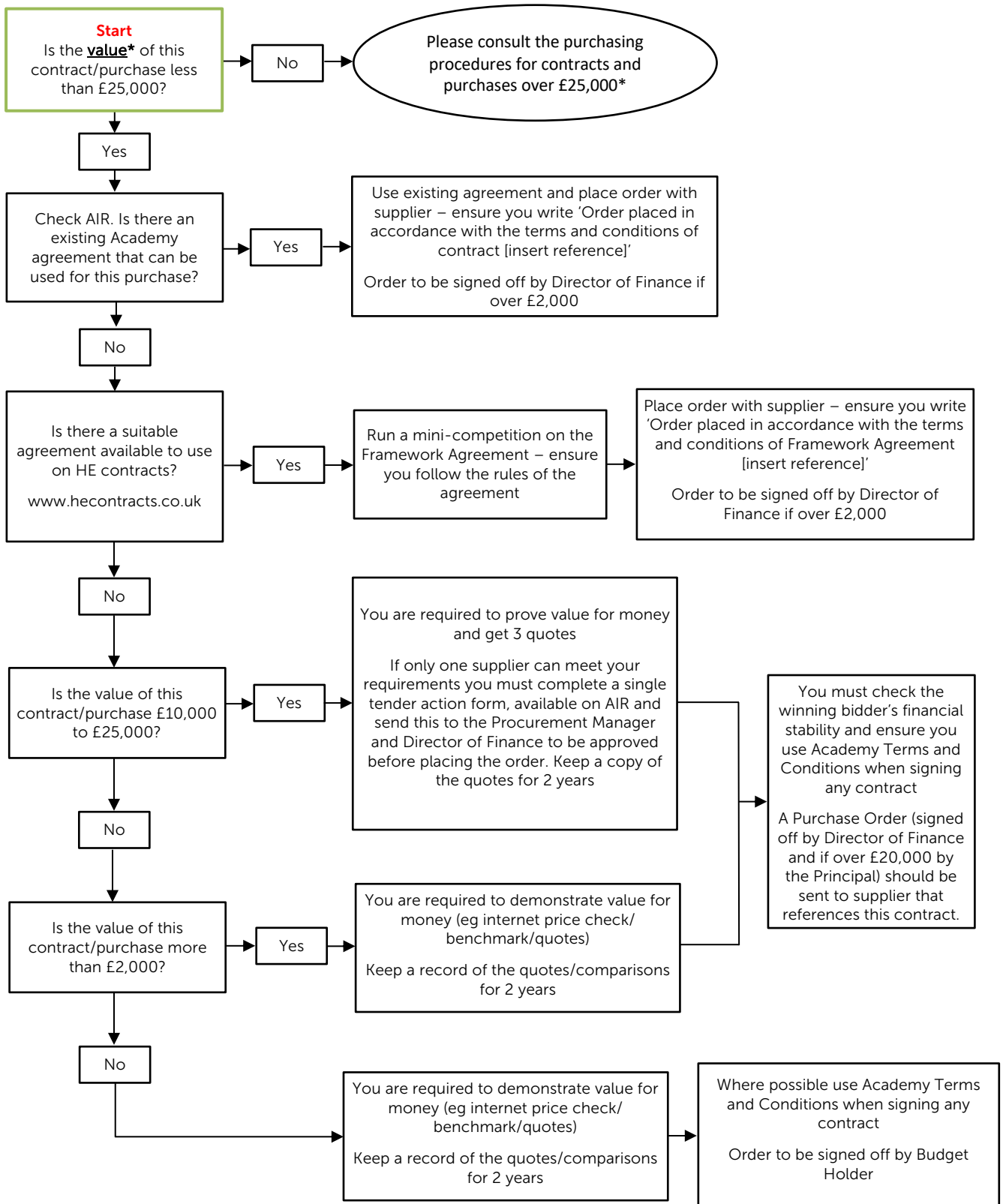
Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

### **Leadership**

Holders of public office should promote and support these principles by leadership and example.

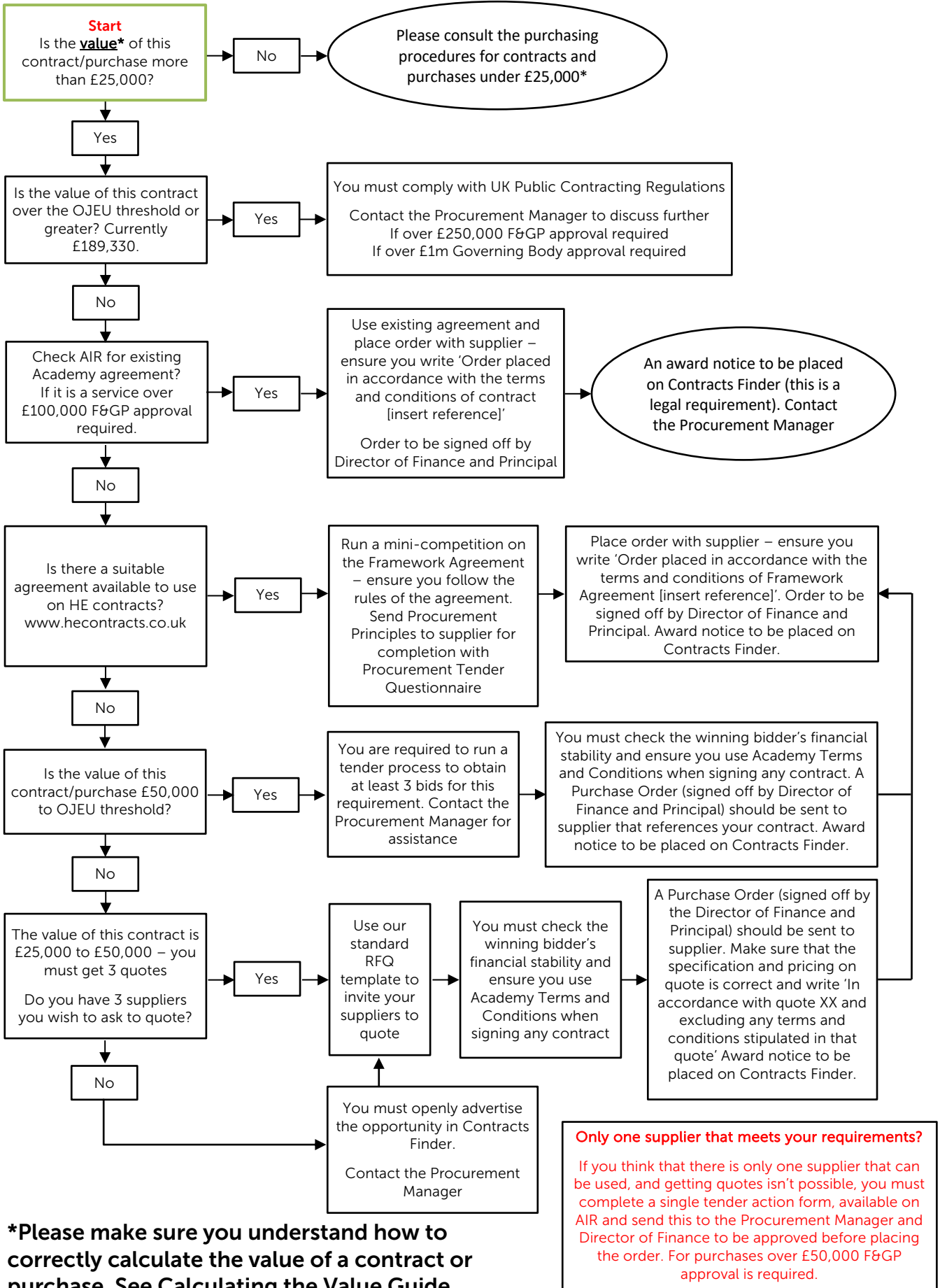
# APPENDIX G: PURCHASING PROCEDURES FLOW CHART

## Purchasing procedures for contracts and purchases with value under £25,000



**\*Please make sure you understand how to correctly calculate the value of a contract or purchase. See Calculating the Value Guide document**

# Purchasing procedures for contracts and purchases with value over £25,000



**\*Please make sure you understand how to correctly calculate the value of a contract or purchase. See Calculating the Value Guide document**