



Financial Regulations and Fraud Prevention Policy

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Financial Regulations and Fraud Prevention Policy					
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FINANCIAL REGULATIONS AND FRAUD PREVENTION POLICY

Scope of Policy

Financial regulations – to provide control over the totality of the UCO’s resources and provide management with assurances that the resources are being properly applied for the achievement of the UCO’s strategic plan and business objectives.

Fraud Prevention – to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity.

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1. DEFINITIONS

- 1.1 The UCO shall mean The University College of Osteopathy, an exempt charity.
- 1.2 All references to the Board are to the members of the Board. This is the body to which the Vice Chancellor reports and which is responsible for discharging the functions of the UCO. The Board are Directors under company law and are also trustees under charity law.
- 1.3 OfS shall mean the Office for Students or any successor body.
- 1.4 The Vice Chancellor shall mean the Vice Chancellor of the UCO who is responsible for the activities of the UCO.
- 1.5 The Finance Director shall mean the Finance Director appointed by the Vice Chancellor. This post is not a Director under company law and not a Board member.
- 1.6 The Finance Director shall deputise for the Vice Chancellor in relation to these financial regulations in the event of the latter being absent, indisposed, or unable to act.
- 1.7 The Finance Director shall have full delegated authority for the administration and application of these Financial Regulations and for ensuring there is compliance therewith.
- 1.8 The Head of Estates has specific responsibility under the regulations for issues relating to management of property and assets.
- 1.9 The FEC shall mean the Finance and Estates Committee, a Board subcommittee.
- 1.10 The ARC shall mean the Audit and Risk Committee, a Board subcommittee.
- 1.11 Any Appendices included or referred to and which are submitted for the approval of the ARC and subsequently the Board shall be regarded as being an integral part of these Financial Regulations.
- 1.12 These regulations are reviewed and updated annually by ARC and subsequently approved by the Board in line with OfS 'regulatory notices' and 'regulatory advice', as well as terms and conditions related to the funding that the UCO receives from the OfS.
<https://www.officeforstudents.org.uk/advice-and-guidance/regulation/the-regulatory-framework-for-higher-education-in-england/regulatory-notices-and-advice/>

2. INTRODUCTION

- 2.1 The purpose of these Financial Regulations is to provide control over all of the UCO's resources and provide management with assurances that the resources are being properly applied for the achievement of the UCO's strategic plan and business objectives including:
 - a) ensuring financial viability and sustainability;
 - b) achieving value for money for our students;
 - c) fulfilling our responsibility for the provision of effective financial controls over the use of public and charitable funds;
 - d) ensuring that we comply with all relevant legislation;
 - e) safeguarding all the assets of the UCO.

- 2.2 These Financial Regulations provide a framework of accounting and financial controls within which staff of the UCO must operate to protect accountability of public funds and ensure that value for money for our students is achieved. Failure to comply with these regulations may lead to the loss of assets, significant delays in payments to institutions, employees and suppliers and additional work for colleagues. Additionally, failure to comply may lead to a disciplinary process under the UCO's 'Disciplinary & Capability Procedure for Staff'.
- 2.3 The Finance Director or the Vice Chancellor or both must be informed if there is any intention to waive or deviate from the provision of these regulations and be provided with sound reasons for such proposed action.

3. FINANCIAL RESPONSIBILITIES

- 3.1 The financial administration of the UCO including ensuring that it has appropriate systems of control is the responsibility of the Board. This is in accordance with its Articles of Association and compliance with company and charity law and OfS as the UCO's principal regulator.
- 3.2 The Vice Chancellor is the UCO's Accountable Officer and is required by the OfS to be personally responsible to the Board for ensuring compliance with terms and conditions of funding and for providing the OfS with clear assurances about compliance.
- 3.3 The Vice Chancellor is responsible to the rest of the Board for securing efficient, economical and effective management of all the UCO's resources, expenditure, assets, equipment and staff.
- 3.4 The Finance Director shall be responsible to the Vice Chancellor for advising on the financial aspects of the OfS regulatory notices and advice, as well as the requirements of the OfS as the principal regulator of exempt charities.
- 3.5 The Finance Director shall be responsible for preparing the audited annual report and the financial statements in accordance with applicable law and regulations.
- 3.6 The Vice Chancellor has overall responsibility for ensuring that annual estimates of income and expenditure are prepared by the Finance Director for consideration by the Board and for the management of resources within estimates approved by the Board.
- 3.7 To assist with the discharge of responsibilities under these financial regulations, members of staff may be designated as budget holders.
- 3.8 Budget holders shall control and monitor income and expenditure within the budgets allocated to them. Delegation to budget holders annually shall be in writing usually via e-mail. Budget holders are responsible to the Vice Chancellor for ensuring that the actions they take are in accordance with the Financial Regulations. Budget holders may not delegate their authority except during absences or sickness. The arrangements to cover such circumstances are subject to the approval of the Finance Director.
- 3.9 The Finance Director shall ensure that all financial returns (such as, but not exclusively, those to HMRC, the Pensions Regulator, OfS, HESA and Companies House) are submitted on time, are complete and are accurate.

- 3.10 The UCO's accounts, financial records, operations and systems are subject to audit in accordance with best audit practice, the provisions of the company law and the Charities Act 2011.

4. FINANCIAL PLANNING

4.1 FINANCIAL FORECASTS

- 4.1.1 The Finance Director shall prepare a financial forecast as required by OfS each year showing the UCO's strategic plan in financial terms and consistent with the accounting treatment in the financial statements. The forecast shall be considered in detail by the Vice Chancellor's Group and FEC and shall be approved by the Board before submission to OfS.

4.2 RESOURCE ALLOCATION AND BUDGETING

A) REVENUE BUDGET PREPARATION

- 4.2.1 The Finance Director shall prepare annual estimates of income and expenditure on behalf of the Vice Chancellor. The annual estimates shall be considered in detail by the Resource Allocation Group (RAG), Vice Chancellor's Group, FEC and shall be approved by the Board.

B) CAPITAL EXPENDITURE BUDGET

- 4.2.2 The Finance Director shall prepare the UCO's capital expenditure budget which shall include all items having a life expectancy of three years or more, costing individually or in aggregate £500 or more. The annual estimates shall be considered in detail by the Resource Allocation Group (RAG), Vice Chancellor's Group, FEC and shall be approved by the Board.

C) BUDGET APPROVAL

- 4.2.3 The Board may not delegate the approval of the annual estimates of income and expenditure. The Board must determine, by resolution, the approval of the annual budget prior to the commencement of the relevant financial period. If an update is required during the financial period, it becomes effective from the date on which it is approved by the Board.

D) BUDGET AUTHORISATION

- 4.2.4 Once the Board has approved the annual estimates, the Vice Chancellor shall be authorised to incur expenditure in accordance with these Financial Regulations. After approval, all allocations are disseminated by the Finance Director to members of the Vice Chancellor's Group who will distribute the relevant budgets to budget holders. Budget holders may not delegate their responsibilities, except in urgent cases of illness or absence when their line manager shall assume responsibility.

E) BUDGET MONITORING

- 4.2.5 The Finance Director shall be accountable to the Vice Chancellor, the FEC and to the Board for effective budgetary control within the approved budgets.

- 4.2.6 The Finance Director shall be required to submit regular reports to the FEC and to the Board outlining actual income and expenditure in comparison to estimate, to highlight and explain significant variances and to recommend for approval by the Board any corrective action.
- 4.2.7 Designated budget holders shall be responsible to the Vice Chancellor for expenditure from the budgets delegated to them.
- 4.2.8 Budget holders must notify the Finance Director immediately if it is foreseen that the budget is likely to be significantly overspent or if the budget is not likely to be fully spent.
- 4.2.9 Unauthorised use of budgetary resources is forbidden and is normally liable to a disciplinary process.

F) VIREMENT

- 4.2.10 Revenue allocations may not be used for capital expenditure purposes, nor capital allocations for revenue purposes without the prior approval of the Vice Chancellor.
- 4.2.11 Virement for revenue purposes shall not normally be permitted. However, budget holders may exercise virement between any of the main non pay expenditure sub-totals (i.e. facilities & estates, ICT, materials & consumables, services, stationery & printing) subject to the following:
 - a) Virements of less than £5,000 - with Finance Director approval.
 - b) Virements in excess of £5,000 – with approval of both the Finance Director and the Vice Chancellor.
 - c) No virement shall be permitted which will involve the UCO in additional expenditure in respect of a subsequent year without the prior approval of the both the Finance Director and the Vice Chancellor.
 - d) No virement from non-pay expenditure to pay expenditure without prior approval by the Finance Director and Vice Chancellor.
 - e) Virements of more than £50,000 shall require authorisation by the Chair of the FEC. A report thereon shall be made to the Committee.

G) CARRY-OVER OF BALANCES

- 4.2.12 Budget holders shall not be permitted to carry over a revenue surplus or deficit at the year-end into the following year.

5. BANKING

5.1 GENERAL ARRANGEMENTS

- 5.1.1 All arrangements with the UCO's bankers concerning the UCO's bank accounts, shall be made by the Finance Director on behalf of the Board. No new account may be opened, or old accounts closed without the written approval of the Vice Chancellor, acting on the authority of the FEC and as mandated by the Board on each occasion.
- 5.1.2 Individuals must not use their private bank accounts to hold any funds due to the UCO. The UCO shall not make use of any bank, building society or other account, which is not in the name of the UCO. No cheques or financial instruments made payable to the UCO shall be endorsed or credited to any other account.

- 5.1.3 Authorised signatories for the bank mandate is prepared by the Finance Director and approved by the Board. Any change to the authorised signatories shall be approved by the Board. All cheques must have two signatures. All payments by BACS must be approved by two signatories and the BACS authorisation and transmission record signed by two signatories.
- 5.1.4 Subject to the FEC approval of a cash-flow forecast, the Vice Chancellor may authorise the borrowing of money for short term revenue purposes by having an overdraft facility of up to £120k. The Finance Director shall maintain records of all borrowing, which shall be in the name of the UCO. This action must be reported to the next meeting of the FEC.
- 5.1.5 The provision of banking services to the UCO shall be subject to review at least once every seven years.
- 5.1.6 The Finance Director shall monitor the cash flow projections and report to the FEC.

6. EXPENDITURE

6.1 GENERAL

- 6.1.1 The Finance Director shall monitor payments made on behalf of the UCO and shall approve all payments over £1,000 and all procedures.

6.2 ORDERS AND CONTRACTS FOR GOODS AND SERVICES

- 6.2.1 Goods and services purchased by the UCO shall always be obtained expeditiously and economically and having regard to achieving value for money for our students. The responsibility of value for money lies with all staff of the UCO and is not restricted to those with financial responsibility.
- 6.2.2 The procedure for obtaining estimates is normally as follows:

Value or Order	Requirement
Up to £1,000	Budget holders shall obtain a verbal or printed quotation prior to ordering goods/services
£1,001 to £4,999	Budget holders shall obtain two printed quotations, or the Finance Manager shall use his/her discretion where a current supplier has previously provided similar goods/services
£5,000 to £19,999	At least three written or printed quotations shall be required
£20,000+	Tender – at least 3 suppliers requested to tender.

- 6.2.3 All suppliers are reviewed regularly to ensure that they are providing best value to the UCO.

6.3 CAPITAL PROJECTS

- 6.3.1 For capital projects, the same procurement limits and tendering procedures as for the provision of goods and services shall apply.
- 6.3.2 Where, in the nature of the supply and for contracts of up to £500,000 in value, it is impossible to obtain three tenders or there has been a pre-tendering process in operation, then the Vice Chancellor and the Finance Director, after obtaining the agreement of the Chair of the FEC, may suspend this aspect of the regulations. This action must be reported to the next meeting of the FEC.
- 6.3.3 For large capital projects in excess of £500,000, the FEC shall consider and determine the following matters on their merits as the occasion demands and submit a report thereon to the Board:
- a) The Appointment of Project Managers
 - b) The use of external consultants to check i) the viability of the project ii) ownership, insurance liability issues
 - c) The frequency and extent of monitoring of progress of projects
 - d) The review of retention/certification, release of payment
 - e) The change control procedures for the contract
- 6.3.4 Expenditure of more than £500,000 on projects shall be the subject of a report to the FEC (the minutes of which are submitted to the Board).
- 6.3.5 Amendments to contracts sums require approval of the Vice Chancellor prior to any work being commenced.
- 6.3.6 The Vice Chancellor is required to report to the OfS any large capital projects that he and in agreement with the Board – represent a material change, including any significant developments that are relevant to the interests of the OfS.

6.4 PURCHASING ARRANGEMENTS – ORDERING

- 6.4.1 The Finance Director or her/his nominee shall be responsible for the arrangement and control of all official orders issued for supplies and services required by the UCO.
- 6.4.2 Every order shall be requested via an internal purchase request which is properly authorised by the budget holder.
- 6.4.3 Placing orders without an internal purchase request shall not normally be permitted. In urgent circumstances and subject to the approval of the Finance Director, orders may be given orally or by other means provided an official order number is quoted to the supplier and the order is confirmed in writing.
- 6.4.4 Each order shall clearly indicate the nature and quantity of the supply or services required, the estimated price, including VAT, any agreed discounts, budget coding information and other relevant details.

6.4.5 All contracts or orders (which shall be inclusive of VAT) agreed on behalf of the UCO will be authorised as follows:

Value of Order	Authorisation
Up to £1,000	Budget holder + Finance Manager
£1,001 to £4,999	Budget holder + Finance Manager + Finance Director
£5,000+	Budget holder + Finance Manager + Finance Director + Vice Chancellor

6.4.6 All internal purchase requests must be passed to the Finance Department for processing. On receipt of any internal purchase request, the Finance Department shall ensure that:

- a) The requisition has been properly authorised
- b) An official order is raised
- c) An order is placed.

6.4.7 Credit Card/Internet orders shall be undertaken only by the Finance Manager or the Finance Director unless authorised by a member of the VC Group and will be subject to the normal financial regulation requirements.

6.4.8 Contracts for a period greater than 12 months must be subject to a value for money review at least every five years.

6.4.9 Rolling contracts with an annual cost of over £5,000 will be reviewed, assessed and authorised by the Finance Director and Vice Chancellor.

6.4.10 No contracts for goods or services will exceed 5 years. All contracts for a period greater than 12 months require prior approval of the Finance Director. It is the responsibility of each budget holder to retain a copy of the contract and to maintain a register of services contracted for periods greater than one year, noting date of contract, length of contract, supplier and nature of contract.

6.5 GOODS RECEIVED

6.5.1 All orders must clearly indicate the delivery address and a named contact

6.5.2 Budget Holders shall inform the Finance Manager if they are not satisfied with the goods delivered or services received.

6.5.3 The delivery note where provided, shall be used as evidence that the goods have been received.

6.6 CERTIFYING INVOICES FOR PAYMENT

6.6.1 The Finance Assistant shall be responsible for the examination and verification of invoices for payment and for the allocation of expenditure to the relevant budget.

6.6.2 The Finance Manager shall be responsible for the payment of all invoices. Payments will not normally be made against documents other than invoices.

6.6.3 The UCO will endeavour to settle undisputed suppliers' invoices within agreed terms of trade and in any case within 30 days.

6.7 METHOD OF PAYMENT OF INVOICES

- 6.7.1 The UCO's preferred method of payment is by BACS according to authorised signatories and limits as designated in 5.1.3. The Finance Assistant or the Finance Manager in his/her absence will set up all online payments. The Finance Director or the Vice Chancellor will be the sole persons authorised to transmit the BACS submission on-line.
- 6.7.2 On rare occasions the UCO may pay by cheque according to authorised signatories and limits as designated in 5.1.3.

6.8 DONATIONS AND SPONSORSHIP TO THIRD PARTIES

- 6.8.1 The Vice Chancellor shall approve all donations.
- 6.8.2 Any donation or sponsorship to any one body in excess of £1,000 per annum shall be reported separately to the ARC.

7. SALARIES, WAGES, STAFF EXPENSES AND OTHER CLAIMS

7.1 SALARIES AND WAGES

- 7.1.1 All staff changes must be authorised by the HR department. Any new posts over those agreed in the annual budget must be agreed by the Vice Chancellor.
- 7.1.2 The HR Officer shall be responsible for the provision of relevant information relating to permanent and temporary staff changes to enable all salaries, wages, pensions and other emoluments to be calculated and paid.
- 7.1.3 The preparation of payroll and the payment of salaries, wages and other emoluments to employees of the UCO shall be the responsibility of the Finance Manager. All remuneration payments must be made through the UCO's payroll, or its approved agent, unless an alternative arrangement has been agreed in writing with the HMRC.
- 7.1.4 Claims for additional hours by staff must be submitted through the payroll system and approved by their line manager.
- 7.1.5 The payroll must be authorised by the Finance Director and Vice Chancellor.

7.2 STAFF EXPENSES

- 7.2.1 Claims for expenses incurred by staff of the UCO in carrying out official duties shall be submitted through the payroll system. In this regard, the attention of staff (and the Board) is drawn to Appendix 1 of these Financial Regulations.
- 7.2.2 Expense claims made by staff may only be made in line with UCO policy and shall be authorised by their line manager. No person shall be responsible for authorising or certifying his/her own claim. All expense claims are checked by the Finance Manager which means that he/she is satisfied that the expense was authorised, receipts have been submitted, the expense has been properly and necessarily incurred and they are a proper liability of the UCO. The Vice Chancellor's expenses shall be retrospectively approved on an annual basis by the Chair of the Board. The Deputy Vice Chancellors and Finance Director's expenses shall be approved by the Vice Chancellor and retrospectively reviewed on an annual basis by the Chair of the Board.

7.2.3 Hospitality can only be claimed for official meetings normally attended by external clients.

7.2.4 The Finance Director shall ensure that all statutory returns and payments, such as those to the HMRC or similar agencies are made on time and are complete and accurate.

7.3 PROVISION OF CREDIT CARDS

7.3.1 Corporate credit cards with small spending limits are provided to certain members of staff for the purpose of conducting the business of the UCO.

7.3.2 Credit card user and credit limit approvals are at the discretion of the Vice Chancellor and the Finance Director. In general, credit card holders include the Vice Chancellor, Deputy Vice Chancellors, Finance Director, Finance Manager, Head of Estates, Head of Marketing and Executive Assistant.

7.3.3 All corporate credit cards are the property of the UCO and authorised users shall take the necessary precautions to ensure the safekeeping of the card.

7.3.4 Each cardholder must read and sign a Corporate Credit Card Agreement agreeing to adhere to paragraphs 7.3.5 to 7.3.10 of these financial regulations.

7.3.5 Corporate credit cards may not be used for personal expenditures of any kind.

7.3.6 No cash advances are allowed.

7.3.7 An expense claim for credit card purchases must be submitted within 30 days after the expense is incurred.

7.3.8 Receipts are required for any expense. Confirmation statements, shipping receipts or similar reports may be used to document telephone, internet orders or fax orders.

7.3.9 Credit Card Statements are reviewed for validity and accuracy by the Finance Manager and authorised by the Finance Director and Vice Chancellor.

7.3.10 Any card holder who has missing receipts or a non-business expense will report the information to the Finance Manager and the cardholder may be held personally liable for the amount claimed.

7.4 BOARD OF DIRECTORS' EXPENSES

7.4.1 In the event of Board Members incurring expenses arising directly out of the discharge of their duties as directors, then they may claim expenses such as travel or subsistence. Additionally, claims may be submitted when expenses are incurred as a direct consequence of such duties, such as training courses or similar events as approved by the Chair of the Board.

7.4.2 In such circumstances and including any claims for travel costs incurred, Board Members should submit to the Clerk to the Board of Directors who will arrange for the claim to be processed. The Vice Chancellor shall be empowered to authorise a Board Member's expenses of up to £1,000 in any one claim. Sums in excess of that amount shall be authorised by the Chair of the Board unless the claim is for the Chair of the Board which will be authorised by the Chair of the FEC.

7.5 TRAVEL

7.5.1 Rules governing directors and staff travel arrangements on UCO business are set out in Appendix 1 to these Financial Regulations.

7.6 EXPENSES INCURRED IN RELATION TO APPOINTMENTS

7.6.1 The rules on travel and other expenses which may be claimed by candidates attending job interviews are also set out in Appendix 1 to these regulations.

8. PETTY CASH

8.1 The Finance Director shall determine where and when a petty cash float is appropriate.

8.2 The Finance Director shall be accountable to the Vice Chancellor for the operation, control and security of petty cash.

8.3 A nominated officer granted a cash float shall be personally accountable for the safe custody of the float. The level of floats held shall be normally be determined by the Finance Manager.

8.4 Proper records of accounts shall be maintained by nominated officers responsible for floats and reconciliations must be carried out on a regular basis as determined by the Finance Manager.

8.5 Petty cash floats must not be used to cash personal cheques. Income received on behalf of the UCO shall not be paid into a petty cash float.

8.6 A certificate of the balance of each float held must be provided on the last day of the financial year (31st July) countersigned by another officer and submitted to the Finance Manager.

8.7 The Finance Director shall ensure that, where a nominated officer leaves the employment of the UCO, any petty cash is reconciled before being handed over to his/her successor.

8.8 The maximum size of a permanent float shall not exceed £1,000 unless agreed with the Vice Chancellor.

9. INCOME

9.1 GENERAL

9.1.1 The Finance Manager shall be responsible for the security and prompt banking of monies received. All monies received on behalf of the UCO must be banked on a weekly basis and more frequently if insurance limits on the tills and safes are likely to be exceeded.

9.2 RECEIPTS

9.2.1 All cheques and cash received shall be placed into an overnight safe and paid at least weekly into the UCO's bank account.

9.2.2 Personal cheques must not be cashed out of money held on behalf of, or received by the UCO, and no money must be paid into a personal or non-UCO account. Non-compliance may result in a disciplinary process.

9.2.3 All cash and cheques received by an officer on behalf of the UCO shall be acknowledged by the issue of an official receipt.

9.2.4 All collecting tins should be opened and counted by two people who should sign the cash collected summary.

9.3 SECURITY OF POSTAL INCOME

9.3.1 Remittances received by post on behalf of the UCO must be recorded immediately on receipt.

9.3.2 In handling postal income and all other post, staff should be mindful of current advice on the processing of suspicious packages.

9.4 FEES AND CHARGES

9.4.1 The Senior Management Team (SMT) shall undertake an annual review of tuition fee rates under the Tuition Fee Policy. All other fees including clinic fees should be reviewed annually.

9.5 INVOICING AND DEBT COLLECTION

9.5.1 Officers initiating additional services provided by the UCO (e.g. community clinics, grant funded projects and room hire) shall inform the Finance Director of particulars of new contracts, work done, goods supplied, or services rendered to enable the correct, complete and timely invoicing of income due to the UCO.

9.5.2 All requests for payment for goods or services provided by the UCO shall be by official invoice. Monies due to the UCO shall be requisitioned on official invoices by the Finance Assistant. The approval of the Finance Director shall be required for any departure from the UCO's invoicing procedure.

9.5.3 Appropriate debt recovery procedures shall be determined by the Finance Director in consultation with the Vice Chancellor.

9.6 BAD DEBTS

9.6.1 Outstanding debts due to the UCO shall be reviewed monthly by the Student Fees Officer and quarterly by the Finance Manager. When all reasonable steps to secure recovery have been taken, individual amounts to be written off require approval of the Finance Director. The total amount of write-offs shall be reported to the FEC for information on an annual basis.

9.7 CONTRACTS FOR COURSE VALIDATIONS, THE PROVISION OF EDUCATION, RESEARCH AND CLINICAL WORK

9.7.1 All contracts for Course Validations, Provision of Education, Research and Clinical Work follow policies for development agreed by SMT.

9.7.2 The Finance Director must undertake an annual review of potential levels of commercial activity and where it is anticipated that income levels will exceed the HMRC tax exemption, trading should take place through the subsidiary company; the UCO Trading Company Ltd (currently dormant) and any profits arising are gift aided to the UCO.

9.8 PROVISION OF HOSPITALITY BY STAFF AND DIRECTORS

- 9.8.1 Any member of staff or director wishing to provide hospitality must state on the internal purchase request the purpose of the hospitality proposed. This must then be authorised by a budget holder (the Vice Chancellor shall authorise hospitality if the person wishing to provide hospitality is another budget holder).
- 9.8.2 Hospitality must only be dispensed if it is in connection with UCO business and if the person or persons receiving such hospitality are from outside the UCO. The exception being Board and Committee meetings.

9.9 STAFF EVENTS

- 9.9.1 The Vice Chancellor shall have delegated authority to approve a small number of social events for staff over the course of a year, where in her or his view, such events are beneficial in terms of maintaining morale and he or she shall be authorised to provide a sum of up to £5,000 per annum. Any sums in excess of that figure shall be subject to the approval of the Chair of the Board. Such authority shall be subject to the events being open to all staff.

10. TREASURY MANAGEMENT

10.1 INVESTMENTS

- 10.1.1 The Board shall be responsible for determining the investment policy.
- 10.1.2 The Board must appoint an investment manager to manage the portfolio.
- 10.1.3 The FEC will monitor investment performance at each of their meetings and at least annually review the performance of the investment managers including by reference to recognised investment benchmarks.
- 10.1.4 Any surplus funds shall be invested at the highest rates achievable subject to compliance with the provisions of the Trustee Act 2000, banks' liquidity ratios and best overall value considering transaction and other overhead costs.
- 10.1.5 The Finance Director shall have delegated authority to decide on a day-to-day basis where appropriate and secure deposits may be made (subject to the overall approval of the FEC) and the Finance Director shall decide on the appropriate amounts to be deposited. All investments must be made in the name of the UCO.
- 10.1.6 Fund transfers to banking institutions approved by the FEC shall be duly authorised according to signatories stated in 5.1.3 and may be actioned either in writing or by secure bankers' on-line facility.

10.2 CASHFLOW MONITORING

- 10.2.1 The Finance Director shall be responsible for preparing a rolling twelve months forecast to be updated with variance-reporting for each FEC meeting.
- 10.2.2 The Finance Director shall be responsible for prompt and regular monitoring of the cash position against cashflow projections and for reporting significant variances to the Vice Chancellor and the FEC.

10.3 BORROWING

10.3.1 Short-term borrowing for temporary revenue purposes shall be authorised by the Vice Chancellor (commensurate with 5.1.4).

10.3.2 All other borrowing requires the explicit approval of the Board.

10.3.3 Compliance with bank covenants on long term loans must be kept under review and reported to FEC and the Board.

10.4 RESERVES

10.4.1 The Board shall determine the reserves policy on an annual basis

10.4.2 The Finance Director is responsible for maintaining a record of the requirements for all restricted donations and endowments and for accounting for all income and expenditure in accordance with the donor requirements and reporting to the FEC.

10.4.3 The FEC is responsible for ensuring that all the restricted and endowment reserves are operated within any relevant legislation.

11. INSURANCE AND RISK MANAGEMENT

11.1 INSURANCE

11.1.1 The Senior Management (SMT) should review the UCO's insurance policies and cover on an annual basis.

11.1.2 The Finance Director shall keep a record of all insurance held by the UCO and the property and risks covered.

11.1.3 Staff and Board members have a responsibility to notify the Finance Director of any new risks which require insurance or of any changes which may affect existing insurances.

11.1.4 The Head of Estates shall notify the Finance Director immediately of any loss, liability or damage or any event likely to lead to a claim, relating to UCO buildings and assets.

11.1.5 The Head of HR shall notify the Finance Director immediately of any loss, liability or damage or any event likely to lead to a claim, relating to staff.

11.1.6 The Deputy Vice Chancellor (Research) shall notify the Finance Director immediately of any loss, liability or damage or any event likely to lead to a claim, relating to clinic patients.

11.1.7 The Deputy Vice Chancellor (Education) shall notify the Finance Director immediately of any loss, liability or damage or any event likely to lead to a claim, relating to UCO students.

11.1.8 The Finance Director liaise with the staff outlined in paragraphs 11.1.4 to 11.1.7 and the UCO's insurers and shall report the basis, status and outcome of all such claims to the Vice Chancellor.

11.1.9 Appropriate legal advice must be taken regarding the terms of any indemnity that the UCO is required to give.

11.2 RISK MANAGEMENT

11.2.1 The UCO's risk management policy forms part of the UCO's corporate governance arrangements and is linked to the annual planning and monitoring cycle. It helps the Vice Chancellor to discharge his responsibilities for the system of internal control across the whole of the institution and is part of good corporate governance. This policy is accessible on the UCO's intranet.

12. ASSETS

12.1 INVENTORIES

12.1.1 The Head of Estates or equivalent shall be accountable to the Vice Chancellor for maintaining proper security of all buildings, furniture, equipment, plant, stores and all other assets of the institution.

12.1.2 The ICT Director or equivalent shall be accountable to the Vice Chancellor for maintaining a register of all ICT equipment owned by the UCO.

12.1.3 The Finance Director shall ensure that such assets are recorded.

12.1.4 It shall be the responsibility of the Finance Director to ensure that an annual check of the inventory is carried out. All discrepancies identified must be notified to the Finance Director. Discrepancies not exceeding £3,000 (at current value) can be written off by the Finance Director. Discrepancies in excess of that amount can only be written off with the approval of the Vice Chancellor.

12.1.5 UCO property shall not be removed from the premises other than in accordance with the ordinary course of UCO business. Any property so removed shall be recorded in a schedule maintained by:

- a) ICT equipment – ICT Director (or equivalent)
- b) Other equipment – Head of Estates (or equivalent)

12.2 DISPOSAL OF ASSETS

12.2.1 The disposal of surplus and/or obsolete materials and stores valued at up to £3,000 at current values may be authorised by the Finance Director. Disposals of over £3,000 must be authorised by the Vice Chancellor and reported to the FEC.

12.2.2 Fixed assets which have a known or estimated value of under £1,000 may be sold. All other items with an estimated disposal value in excess of £1,000 must have an independent valuation before disposal. The Vice Chancellor must approve the disposal in writing.

12.2.3 The FEC shall approve disposals of assets with an original cost in excess of £50,000. The Vice Chancellor will approve disposals where the original value is more than £3,000 and less than £50,000. Disposals where the original cost was less than £3,000 shall be approved by the Finance Director.

12.2.4 The Finance Director shall ensure that assets that are disposed of are removed from the assets register.

12.3 SECURITY AND SAFES

- 12.3.1 All keys to safes shall be the responsibility of specified officers who must retain possession. A register of safe keys and key holders will be retained by the Finance Director and the loss of any key must be reported immediately to the Finance Director.
- 12.3.2 Maximum limits of cash holding shall be agreed by the Finance Director and shall not be exceeded without permission. Failure to comply may invalidate insurance arrangements.

13. AUDIT

13.1 EXTERNAL AUDIT

- 13.1.1 ARC shall recommend to the Board the appointment of external auditors.
- 13.1.2 An annual review of the service should be considered by the ARC prior to recommendation of re-appointment of the external auditors.
- 13.1.3 Marketing testing for external audit arrangements should be undertaken at least every seven years. The audit partner responsible for the UCO's audit should not hold this position for more than ten consecutive years.

13.2 INTERNAL AUDIT

- 13.2.1 The UCO has a mandatory obligation under OfS regulations to have an effective internal audit function.
- 13.2.2 The prime responsibility of the internal audit function is to provide the Board, Vice Chancellor and senior managers with an independent assessment on the adequacy and effectiveness of internal control systems, including risk management and governance; arrangements for promoting efficiency and effectiveness; and the arrangements for the management and quality of data.
- 13.2.3 ARC shall recommend to the Board the scope and number of internal audits to be carried out on an annual basis.
- 13.2.4 ARC shall recommend to the Board the appointment of internal auditors.
- 13.2.5 Marketing testing for internal audit arrangements should be undertaken at least every five years.

14. PREVENTION OF FRAUD, CORRUPTION AND FINANCIAL IMPROPRIETY

14.1 STATEMENT OF UCO POLICY ON FRAUD, CORRUPTION AND FINANCIAL IMPROPRIETY PREVENTION

- 14.1.1 The UCO shall do all within its power to eliminate and prevent fraud/corruption/financial impropriety which includes such acts as deception, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, collusion and money laundering or bribery.
- 14.1.2 The UCO has a duty to instigate, develop and maintain effective controls, carry out vigorous investigations, take appropriate disciplinary and/or legal action against perpetrators and disciplinary action against staff whose negligence caused the malpractice or offence to occur.

14.1.3 All staff shall act with propriety in the use of UCO resources and in the handling and use of public funds and resources when they are involved with cash, payments systems, and receipts when dealing with contractors and suppliers or any other aspect of UCO business.

14.2 FRAUD PREVENTION

A) INVOICE FRAUD

14.2.1 This type of fraud involves a communication sent to the UCO by a fraudster, purporting to be from our genuine client or supplier. The communication provides a change of bank details to be used for future payments. A subsequent payment is then made to the fraudster's account and it is only when the genuine beneficiary contacts the UCO for non-receipt that the fraud is identified.

14.2.2 To reduce the risk of this type of fraud, the Finance Manager has sole responsibility to:

- a) confirm any request to change bank details verbally and then in writing (usually via e-mail) with the UCO's usual contact, before effecting the change and;
- b) amend bank details on the finance system and to produce a list of any changes to bank details including relevant documentation for authorisation by the Finance Director before payment is actioned.
- c) the Finance Director checks bank details of any payments over £5,000 with original invoices.

B) CHEQUE FRAUD

14.2.3 This type of fraud involves an addition to the payee line on cheques by a fraudster.

14.2.4 To reduce the risk of this type of fraud, the UCO usually makes payment by BACS and only uses cheques if BACS is not an appropriate method of payment (i.e. for staff season ticket loans). The Finance Manager has sole responsibility to:

- a) complete cheques by drawing a line through the unused space on the payee line and, if possible, include the payee account number.

C) OVERPAYMENT/REFUND FRAUD

14.2.5 This type of fraud is when funds have been deposited into the UCO's bank account either by cheque or electronically for in excess of the amount owed and then the UCO is asked to refund all or part of the overpayment.

14.2.6 To reduce the risk of this type of fraud, the Finance Manager has sole responsibility to check:

- a) that the person or business is known by the UCO and;
- b) that the item appearing in the UCO's bank account has cleared either by waiting one week to action the refund or by contacting the bank if the refund is urgent.

D) COMPROMISED/STOLEN CHEQUES

14.2.7 This type of fraud sees criminals stealing cheques and, rather than altering them, opening accounts in the payee name on the cheque.

14.2.8 To reduce the risk of this type of fraud, all mail is sent on the day it is produced and window envelopes are not used for mail that contains cheques. The UCO usually makes payment by BACS and only uses cheques if BACS is not an appropriate method of payment.

E) INTERNAL FRAUD - PROCUREMENT FRAUD

14.2.9 This type of fraud is where employees spend the UCO's money for private gain (for example, paying for non-existent services) or ID passes, passwords and private information is stolen by dishonest contractors and tradesmen.

14.2.10 To reduce this type of fraud, the UCO:

- a) reconciles bank statements and company credit card statements on a monthly basis. Income and Expenditure are posted from the statements on a weekly basis
- b) encourages employees, students, suppliers and other stakeholders to report anything unusual
- c) has a clear and formal purchase order system with clear authorisation procedures
- d) carries out background research and checks accreditation for new contractors;
- e) takes up references for all new employees
- f) sets strict limits for staff with company credit cards

F) INTERNAL FRAUD AND INTERNAL FINANCIAL CONTROLS

14.2.11 Internal Financial Control systems are monitored regularly by the Finance Director.

G) EXTERNAL FRAUD

14.2.12 This type of fraud is where fraudsters:

- a) target the UCO's telephone system to make calls to premium rate/international numbers
- b) hijack the UCO's website to redirect orders to their server
- c) pose as company directors, then change the directors and registered address of the business
- d) goods being ordered with bogus account details or stolen credit cards

14.2.13 To reduce this type of fraud, the UCO:

- a) has restricted destinations on the UCO's telephone system with a block on calls after hours. The telephone system provider has taken steps to prevent fraudulent activity using our voicemail system.
- b) does not have the ability to receive orders or make payments on our website
- c) does not provide goods or services to unknown third parties, except for room hire where background checks are undertaken.

H) NOTIFICATION PROCEDURES

- 14.2.14 It is the duty of all members of staff, management and the Board to notify the Vice Chancellor immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.
- 14.2.15 The Vice Chancellor shall immediately invoke the fraud response plan, which incorporates the following key elements (see Appendix 2 for details).
- 14.2.16 The Vice Chancellor shall notify ARC (through its Chair) of the suspected irregularity and shall take such steps, as he/she considers necessary by way of investigation and report.
- 14.2.17 The Vice Chancellor shall inform the police/Action Fraud if a criminal offence is suspected of having been committed.
- 14.2.18 The Vice Chancellor shall report any instances of significant fraud to the OfS in accordance with their guidelines relating to reportable events.
- 14.2.19 ARC shall commission such investigation as may be necessary of the suspected irregularity, by the auditors or others, as appropriate the internal auditors, or others commissioned to carry out an investigation, shall prepare a report for the ARC on the suspected irregularity. The report shall include advice on preventative measures.
- 14.2.20 If the suspected fraud is thought to involve the Vice Chancellor, the member of staff shall notify the Chair of the ARC direct of their concerns regarding irregularities and the Chair will initiate action under the UCO's Fraud Response Plan.

I) WHISTLEBLOWING

- 14.2.21 Whistleblowing in the context of the Public Interest Disclosure Act 1998 is the disclosure by an employee (or other party) about malpractice in the workplace. The UCO operates a Public Interest Disclosure (Whistleblowing) Policy which is accessible on the UCO's intranet.

15. MISCELLANEOUS

15.1 TAXATION

- 15.1.1 Value Added Tax – the UCO is not registered for VAT.
- 15.1.2 Corporation Tax - The Finance Director must keep the level of planned trading activity under review and ensure that if it is projected that the non-taxable limit is to be exceeded that the trade is undertaken through the subsidiary company UCO Trading Limited and that any surplus is donated by gift aid to the UCO.
- 15.1.3 Gift Aid - The Finance Manager shall be responsible for making regular claims for gift aid to the HMRC in compliance with their regulations.

15.2 'TAINTED DONATIONS'

- 15.2.1 Directors and senior staff should be aware of the 'tainted donations' provisions in section 27 and schedule 3 of the Finance Act 2011 which are intended to counteract any abuse of the tax incentives for charitable giving by denying tax relief to donors who, in respect of a donation to the UCO, may have entered into any other arrangement with

the ulterior purpose of receiving a benefit without which the donation would otherwise not have been made.

15.3 LEGAL COSTS

15.3.1 Legal costs can only be incurred following consultation with the Vice Chancellor, or in his absence, the Chair of the Board.

15.4 FINANCIAL PROCEDURES AND ACCOUNTING POLICIES

15.4.1 The Finance Director shall maintain and update financial systems and procedures held in finance department as required. These are available to staff in writing to ensure the efficient and effective management of these finance regulations. Included in the foregoing shall be such matters such as the list of budget holders, details of UCO bank accounts, nominal code lists, department code lists, insurance details, disposal procedures, requisitions, petty cash procedures, credit notes, refunds; without the above list being in any way exhaustive.

15.4.2 The Finance Director will review annually internal financial controls and procedures in conjunction with the external auditors in order to ensure that they remain appropriate for the UCO's current and likely future circumstances and are in accordance with statutory requirements and accounting bodies' recommendations of best practice. Any internal financial control weaknesses will be reported to ARC as part of the external auditors' management letter.

15.4.3 The FEC will review accounting policies and any changes annually and make recommendations to the Board.

15.5 DONATIONS AND ENDOWMENTS

15.5.1 The Finance Director is responsible for maintaining a record of the requirements for restricted donations and endowments and ensuring the money is expended in accordance with the requirements.

15.5.2 The FEC is responsible for ensuring that all the UCO's restricted and endowment funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

15.6 RETENTION OF DOCUMENTS

15.6.1 Documents relating to financial transactions must be retained in order to assist the UCO's administration and audit requirements and to meet certain statutory requirements.

15.6.2 All staff must ensure that records and supporting documentation relating to financial transactions are retained for at least six years in a secure and accessible environment.

15.7 BRIBERY ACT 2010

Board Members and senior managers (and where appropriate staff and volunteers) should act in the spirit and principles upheld by the Bribery Act 2010.

15.8 DATA PROTECTION ACT

15.8.1 The Finance Director shall ensure that these Financial Regulations, Fraud Response and Conflicts of Interest Policy comply with the Data Protection Act (2018) and, where applicable, the General Data Protection Regulations (GDPR) 2018.

15.9 CONFLICTS OF INTEREST AND RECEIPT OF GIFTS AND HOSPITALITY

15.9.1 For information about conflicts of interest and the receipt of personal gifts and hospitality, Board members (including co-opted members and Special Advisors appointed by the Board), senior managers, staff and volunteers should refer to the 'Conflicts of Interest Policy' on the Policies & Procedures page on the UCO's Intranet:

<https://www.uco.ac.uk/about-uco/who-we-are/policies-procedures-and-privacy>

APPENDIX 1 – RULES ON TRAVEL AND OTHER EXPENSES

1. CAR AND MILEAGE ALLOWANCE

- 1.1 The UCO's car mileage scheme is only available to those members of staff and members of the Board whose need to travel is included or implied in their job descriptions.
- 1.2 All staff and members of the Board who intend to use their own cars on UCO business should check their insurance policies to ensure that they have adequate cover for such business use, which shall be at the member of staff or member of the Board's own risk, the UCO being exempt from any liability in such circumstances.
- 1.3 Otherwise, they shall, wherever possible, use the most effective means of public transport in such circumstances and shall submit such expenses claims on the basis of same.
- 1.4 The UCO shall pay recommended HMRC mileage rates.

2. TRAVELLING TO DISCHARGE UCO BUSINESS OR ATTENDING TRAINING COURSES, CONFERENCES ETC.

- 2.1 The onus shall be on staff who need to travel on the UCO's business or to attend conferences, training courses etc, to first of all ensure that their line manager is aware of the proposed journey, approves of its purpose and will be willing to sign any expenses claim.
- 2.2 In the event of such journeys involving an overnight stay or stays and such arrangements not being included as part of a conference or training course package, reasonable expenses for accommodation and out of pocket expenses will be paid provided this has been agreed in advance by their line manager and budget holder.
- 2.3 The method of travel shall be a matter for the staff member to determine, but in any event the amount claimed shall not exceed the standard second-class fare in the event of rail travel or the most cost-effective means of air travel. Reasonable associated expenses such as taxi fares from the railway station or the airport to the conference centre or hotel and a meal allowance may also be claimed.
- 2.4 The provisions of the foregoing shall apply to Board members wishing to travel, except that there shall be prior approval by the Chair of the Board and the Vice Chancellor.

3. ATTENDING JOB INTERVIEWS

- 3.1 Travel expenses may be claimed by persons attending a job interview at the UCO.
- 3.2 Overnight expenses shall not normally be payable. If justification has been provided and accepted by the UCO or if the recruitment process lasts for more than one day making an overnight stop essential, candidates may claim expenses per night spent away. However, the amount of expenses claimed must be agreed in advance by the Vice Chancellor or Head of HR.

4. CLAIMING EXPENSES

- 4.1 Staff should claim expenses through the UCO's HR & Payroll System. Claim forms and other forms for non-staff can be obtained from the finance department.

5. PRODUCTION OF RECEIPTS

- 5.1 Individuals submitting expenses claims on the lines mentioned above shall ensure that such submissions are accompanied by receipts or other documentary evidence. Failure to do so shall in normal circumstances mean that the expenses incurred will not be reimbursed.

APPENDIX 2 – FRAUD RESPONSE PLAN

1. UCO ANTI-FRAUD APPROACH

- 1.1 The UCO's anti-fraud approach has the following components:
- a) The UCO creates an environment in which high standards of probity and accountability are expected.
 - b) Board members and senior managers register their outside interests and do not take part in decisions where they have such an interest.
 - c) Clear guidance on the administration of finance and contracts is set out in the UCO's financial regulations and financial procedures.
 - d) There is an established whistleblowing policy (policy for disclosure of matters of public interest).
 - e) All members of staff have a duty to comply with the UCO's regulations and to behave honestly and with integrity, and the UCO inculcates amongst its staff a strong awareness of the UCO's control mechanisms.
 - f) The UCO incorporates recommendations made by its internal and external auditors to strengthen the UCO's financial and operational systems of control.

2. PURPOSE OF FRAUD RESPONSE PLAN

- 2.1 The purpose of this plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The use of the plan should enable the UCO to:
- a) establish and secure evidence necessary for criminal and disciplinary action
 - b) notify the funding body, if appropriate
 - c) recover losses
 - d) review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud
 - e) keep all personnel with a need to know suitably informed about the incident and the UCO's response
 - f) assign responsibility for investigating the incident
 - g) establish circumstances in which external specialists should be involved
 - h) establish lines of communication with the police.

3. INITIATING ACTION

- 3.1 When a member of the Board, any member of staff or the auditors suspects that an irregularity, as defined above, has occurred, or is about to occur, the Vice Chancellor shall be immediately informed. Staff members should normally ensure that the Vice Chancellor is informed via their line manager (unless the line manager is the subject of suspicion, in which case the matter should be referred to the next most senior manager).

- 3.2 The Vice Chancellor shall assess the significance of the concerns expressed, or the intentions of the suspect(s)
- 3.3 If the Vice Chancellor considers the matter to be both insignificant and unintentional, the Vice Chancellor shall record his/her decision not to pursue the matter further and reports the event later to the ARC. The person(s) who raised the matter shall be informed of the Vice Chancellor's decision
- 3.4 If significant and/or intentional, the Vice Chancellor shall immediately inform the Chair of the Board and the Chair of the ARC
- 3.5 When it is the Vice Chancellor who is the subject of concern, then the Chair of the Board shall be informed.
- 3.6 In consultation with the Finance Director, the Chair of the ARC or the Vice Chancellor will decide on the action to be taken, this will normally be an investigation led by the UCO's internal or external auditors.
- 3.7 Based upon the work of auditors' and the Finance Director, the Vice Chancellor shall make a report to the Board and the ARC setting out the conclusions of the investigations and any recovery action, and the Vice Chancellor's recommendations on the need to:
 - a) take disciplinary action
 - b) pursue legal/criminal action
 - c) implement improved controls
 - d) notify the Charity Commission
- 3.8 Nothing in these guidelines shall preclude the Vice Chancellor, should he/she so decide, from informing the police at any stage. In the absence of the Vice Chancellor, the decision shall rest with the Chair of ARC or the Chair of the Board in consultation with other senior managers.
- 3.9 The Board and managers must ensure that all information relating to suspected or actual fraud or other irregularity is treated in strict confidence.

4. PREVENTION OF FURTHER LOSS

- 4.1 Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the Finance Director or Vice Chancellor will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspects. It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.
- 4.2 In these circumstances, the suspect(s) should be approached unannounced. They should always be supervised before leaving the UCO's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the UCO. Any security passes and keys to premises, offices and furniture should be returned.
- 4.3 The auditors shall consider whether it is necessary to investigate systems, other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the UCO's assets.

5. NOTIFYING THE OFFICE FOR STUDENTS

- 5.1 The Vice Chancellor shall report any instances of significant fraud to the OfS in accordance with their guidelines relating to reportable events.

6. RECOVERY OF LOSSES

- 6.1 Recovering losses is a major objective of any fraud investigation. The auditors shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.
- 6.2 Where the loss is substantial, legal advice should be obtained without delay.

7. REPORTING TO THE BOARD

- 7.1 Any incident shall be reported without delay by the Vice Chancellor to the Chairs of both the Board and the ARC.

8. REPORTING LINES

- 8.1 The Vice Chancellor shall provide a confidential report to the Chair of the Board, the Chair of the ARC, and the auditors on an agreed regular basis. The scope of the report shall include:
- a) quantification of losses
 - b) progress with recovery action
 - c) progress with disciplinary action
 - d) progress with criminal action
 - e) estimate of resources required to conclude the investigation
 - f) actions taken to prevent and detect similar incidents.

9. REVIEW OF FRAUD RESPONSE PLAN

- 9.1 This plan will be reviewed for fitness of purpose as part of the Financial Regulations.