

Cyngor Cyllido Addysg
Uwch Cymru
Higher Education Funding
Council for Wales



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GENERAL

Purpose

- 1.1 These Financial Regulations are intended to set out for Council Members, staff and third parties the primary guidance, delegations and parameters governing workplace operations and decisions within the Higher Education Funding Council for Wales (HEFCW). Where appropriate, guidance from the Welsh Assembly Government (WAG) and other best practice references will be incorporated into each regulation.

Regulation

- 1.2 Whilst intended to provide adequate guidance to satisfy most of users' immediate needs, the Financial Regulations will not be exhaustive. Where concerns or doubts arise over interpretation, lack of clarity, error or omission staff should seek line manager and/or Head of Resources resolution. Reviews and amendments to Financial Regulations will be carried out in accordance with Financial Regulation 21 below.
- 1.3 In the conduct of its business HEFCW must use its resources efficiently and effectively. Value for money and financial considerations must be taken into account at all stages in the formulation and execution of policies.
- 1.4 The Chief Executive is responsible for the efficient management of HEFCW's operations. In addition, (s)he has been appointed by the WAG and the National Assembly for Wales (NAW) as HEFCW's Accounting Officer. In this capacity (s)he is directly answerable to the WAG for the finances of HEFCW; for seeing that the rules and conditions laid down by the WAG are observed; and generally for the efficient and economical conduct of the work of HEFCW.
- 1.5 The Director of Finance and Corporate Services is responsible under the Chief Executive for the general oversight of financial matters and for the proper administration of HEFCW's finances.
- 1.6 The Directors shall each ensure that:
 - (a) financial regulations and accounting instructions are observed throughout the directorate for which they are responsible;
 - (b) value for money considerations are properly taken into account;
 - (c) HEFCW's resources are deployed prudently and efficiently;
 - (d) apparent or suspected irregularities are reported to the Director of Finance and Corporate Services; and
 - (e) financial administration is properly handled within their directorate.
- 1.7 In the execution of its business HEFCW must pay regard to the terms of the Further and Higher Education Act 1992 and subsequent amending and subordinate legislation, as defined in further detail by Government direction; particularly:

The WAG Financial Memorandum issued to HEFCW;

Guidelines and Memoranda issued by the WAG;

DAO letters and the requirements of Managing Public Money;

WAG directions as to the form and submission of accounts.

- 1.8 These Financial Regulations set out the rules governing the administration of HEFCW's finances. They may be supplemented from time to time by more detailed instructions issued by or with the approval of the Director of Finance and Corporate Services.
- 1.9 All accounts and financial records shall be kept in the form required by the Director of Finance and Corporate Services. To enable him/her to carry out his/her responsibilities under these Regulations, HEFCW Directors shall, as (s)he may require, provide the Head of Resources with information and shall allow him/her or his/her nominated officers access to documents and records under their control.
- 1.10 The following principles shall, as far as possible, be observed in connection with the accounting system throughout HEFCW:
 - (a) The duty of providing information, calculating, checking and recording the sums due to or from HEFCW should be separated as completely as practicable from the duty of collecting or disbursing those funds.
 - (b) Officers charged with the duty of examining or checking the accounts of transactions should not themselves be engaged in any of those transactions.
 - (c) Wherever possible officers charged with the responsibility of certifying invoices for payment or notifying the Head of Resources of sums due to HEFCW, should not themselves be involved in initiating or ordering the goods or services being purchased or determining the income charge.
- 1.11 The Head of Resources shall be responsible for submission of all periodic financial statements and returns required by WAG. The Director of Finance and Corporate Services shall act as the formal channel of communication with the Wales Audit Office.
- 1.12 Delegation of Duties and Responsibilities

Unless expressly forbidden in these regulations delegation of duties and responsibilities shall be understood as follows:

- a) Where duties or responsibilities are laid upon any Committee or Executive Group of HEFCW it shall mean the Committee/Executive Group or its nominated officer where delegation to an officer has been formally recorded in the minutes of that Committee/Executive Group;

- b) with the exception of c) below, where duties or responsibilities are laid upon any named officer this shall mean that officer or their nominated deputy unless these regulations expressly forbid such delegation. All delegations, with the exception of budget holding responsibilities, shall be recorded in writing and copies shall be held by the Clerk to the Council. The Head of Resources will be responsible for coordinating and logging delegations in respect of budget holding responsibilities;
- c) the Chief Executive may delegate duties but may not delegate any responsibilities required in the role of HEFCW's Accounting Officer.

CORPORATE AND OPERATING PLANS

- 2.1 HEFCW's expenditure is governed by the Government's system for the planning and control of public expenditure by reference to rolling 3-year forecasts.
- 2.2 The Management Statement requires HEFCW to submit a draft Operational Plan by the end of February each year for consideration by WAG, subject to receipt of the WAG remit letter. HEFCW is also required to prepare its Corporate Plan to cover the 4 year cycle of WAG's Strategic Agenda following its publication.
- 2.3 The Operational Plan must show how HEFCW intends to achieve its objectives for the year to conform with directions or conditions imposed by WAG and contain details of HEFCW's financial plans for the year. The WAG must approve the plan or require HEFCW to make alterations. Once approved, HEFCW must publish the plan in accordance with the WAG requirements.
- 2.4 The Corporate and Operational Plans and Remit letter can be found on the Corporate Planning section of Corporate Information on the Intranet.

BUDGETS

- 3.1 The budget is established on the basis of agreed cash limits. The estimates for Grant-In-Aid must be set out in cash terms under the main headings agreed with WAG (Schedule – Financial Memorandum) and be based on the formal statement of indicative financial provision for the forthcoming financial year issued by WAG in advance of each financial year. Once the overall cash budget has been agreed formally by WAG the final figure will be confirmed to HEFCW.
- 3.2 (a) HEFCW has established a Budget Group whose terms of reference are noted on the intranet in the Funding and Research section under Policy Teams. The Budget Group shall receive the draft programme costs budget, review and recommend an overall programme budget for consideration at the March meeting of the Council.

(b) The terms of reference of the Management Board are noted on the intranet in the Corporate Information section. The Management Board shall receive the draft running costs budget, review and recommend an overall running costs budget for consideration at the March meeting of the Council.
- 3.3 Once approved by the Council, the Director of Finance and Corporate Services shall be responsible for preparing a profile of expected expenditure and draw down Grant-in-Aid from WAG.
- 3.4 The provisional implications of the resource allocation by WAG shall be reported by the Head of Strategy, Learning and Funding to the Budget Group and The Council at the earliest opportunity in order to inform Corporate Plan and Operating Plan preparations.
- 3.5 Once the overall cash budget has been agreed with WAG, HEFCW may make the planned payments without further notice to WAG, subject only to any restrictions imposed by statute, the Financial Memorandum or guidance issued from time to time by WAG.
- 3.6 The Financial Memorandum sets out the level of delegation from WAG to HEFCW. Amendments to the approved programme fund budgets requiring a reallocation of resources (virement) above that level require the prior approval of WAG. Amendments to programme budgets within WAG's delegated authorities shall require the prior approval of The Council as set out in the Budget and Cash Management document..
- 3.7 The delegated authorities for the running costs' budget are set out in paragraph 5.1(1). Subject to those delegations, virements between running costs' budgets, with the exception of virements to and from the salaries budget, are authorised by the Head of Resources. Virements to and from the salaries' budget require the prior consent of the Director of Finance and Corporate Services.
- 3.8 Further information on budget procedures can be found in the relevant sections of the Budget and Cash Management document on the intranet in the Funding and Research section under Policy Teams.

MONITORING (BUDGETARY CONTROL)

- 4.1 Following the approval of the programme cost and running cost budgets by the Council, the nominated budget holders shall be responsible for monitoring the payments and receipts within their areas of budgetary responsibility. They must ensure that all activities within their budget responsibilities are contained within the annual allocation of funds available, and that all transactions are carried out in accordance with the terms of these Financial Regulations.
- 4.2 Cash budgets may not be exceeded except in accordance with the Financial Regulations concerning budget virement (Regulations 3.6 & 3.7).
- 4.3 The Director of Finance and Corporate Services shall be responsible for the overall cash management of HEFCW. If required, the cash profile of draw down of Grant-in-Aid from WAG will be updated with WAG being informed by the close of the fifth working day following any month end.
- 4.4 The Head of Resources shall provide monthly reports to the Budget Holders and their nominees of payments and receipts against the cash budget for monitoring purposes.
- 4.5 Budget holders shall provide the Head of Resources with such information and explanations as (s)he requires, including their latest projections (usually quarterly) of future income and expenditure. After scrutiny, the Head of Resources shall incorporate these into the cash profile notified to WAG.
- 4.6 The Head of Resources shall use the information provided in 4.5 above to prepare and submit quarterly budget monitoring statements of programme costs to the HEFCW Budget Group and to the Council and of running costs to the Management Board and the Council showing payments and receipts against the agreed cash budget.
- 4.7 For further information on budget monitoring procedures reference should be made to the relevant sections of the Budget and Cash Management document on the intranet in the Funding and Research section under Policy Teams

DELEGATED FINANCIAL AUTHORITY

5.1 Approval of the annual programme cost and running cost budgets, or any amended budget, by the Council and WAG as required shall, unless otherwise determined in these Financial Regulations, give officers the authority to commit expenditure as follows:

(1) Running Costs:

Chief Executive	-	Individual items up to £250,000
Directors	-	Individual Items up to £50,000
Budget Holders (i)	-	Individual Items up to £10,000
Staff with delegated authority (ii)	-	Individual Items up to £2,000

- (i) A Budget Holder is defined as a member of staff who reports directly to a Director with the exception of Personal Assistants, Executive Assistants or Secretaries.
- (ii) A Budget Holder can delegate their authority to any individual who reports to them but the delegation must be formal and confirmed, in advance, to the Head of Resources by the Budget Holder.

All staff with the authority to commit expenditure must not exceed the aggregate budget over which they exercise their authority.

(2) Programme Funds:

High-level budgets will be allocated to Budget Holders who shall have the authority to approve individual contracts committing HEFCW to future expenditure. Budget holders have the absolute authority to certify all payments for the particular contract or budget line and this cannot be delegated. Budget holders can identify a named individual, known as a "Responsible Officer" who can be given responsibility for managing the particular contract or budget line. That individual must be notified to the Head of Resources. There is provision for budget delegation to another budget holder of equal or higher grade to accommodate leave or illness.

The Chief Executive shall also have delegated authority (i) to authorise programme fund payments or advances of grants to institutions outside approved allocations up to £250,000; and (ii) to approve expenditure from the Council's programme budget outside approved allocations up to £40,000 per individual item, within an aggregate total for each financial year of £400,000.

For the avoidance of doubt, transactions above the levels set out in (1) and (2) above, which have not been previously identified as part of an approved budget shall require the authority of either the Chief Executive, (if (s)he has delegated authority from the Council), the Council and, if appropriate, WAG.

5.2 Directors shall ensure that all approvals given under their delegated authority shall be committed in accordance with the appropriate Financial Regulation dealing with incurring expenditure.

INCURRING EXPENDITURE

6.1 Purpose

This Regulation gives officers clear guidance on the different competitive procurement procedures they should apply, depending on the level of expenditure involved, to achieve value for money when committing HEFCW's resources. It applies to all expenditure.

6.2 Definition of incurring expenditure:

For the purpose of this Regulation the placing of an order, written or verbal, the issue of a letter of appointment to a consultant or entering into any contract or agreement constitutes the incurring of expenditure.

6.3 Only budget holders, as defined in Financial Regulation 5.1, or their authorised representatives, in accordance with the lists of authorised signatories, may incur expenditure on behalf of HEFCW.

6.4 All procurement should seek to achieve the best value for money and fairness in the choice of supplier. Competitive tendering (formal or informal) is the best way to achieve these aims, and is the normal procedure to be adopted. Where any form of competitive tendering takes place all documentation should be retained in line with the Retention Scheme in HEFCW's Records Management Policy.

Purchasing Procedures

6.5 Detailed purchasing procedures for procurement within HEFCW were issued to all staff in January 2002 by the Director of Finance and Corporate Services and are reviewed and where required updated annually. Further copies and/or detailed advice and guidance can be obtained from the Procurement Manager and is available on the intranet in the Procurement section.

6.6 Method of Procurement

6.6.1 The method of procurement required depends upon the total value of the goods or services including VAT. Total value means the value of orders that might reasonably be expected to be placed, within the lifetime of the contract. HEFCW officers cannot place small repeat orders throughout the year in order to avoid more exacting tendering procedures. The expenditure limits, including VAT, and the appropriate procedures are briefly outlined here for ease of reference. For the precise requirements and for the appropriate documentation to use (i.e. using the Purchase Ordering System (POP)) in each circumstance, reference should be made to the the Procurement Procedures and POP Procedures.

6.6.2 Total Value Under £2,000 (including VAT)

A minimum of one written quote must be sought and the documentation and details set out in accordance with the Purchasing Procedures.

Total Value £2,000 up to £24,999 (including VAT)

A minimum of three written quotations must be sought and the documentation and details set out in the Purchasing Procedures .

Total Value £25,000 (including VAT)

All purchases for goods and services of £25,000 and above (including VAT) must be subject to a formal competitive tendering exercise via the Procurement Manager and as set out in the Purchasing Procedures.

- 6.6.3 Although tendering procedures are based on the level of expenditure as described above, there may be occasions where contracts with a total value of less than £25,000 (including VAT) should be the subject of formal competitive tendering. There may be a greater need to demonstrate objectivity and the operation of fair and open competition where, for example, an officer or former officer of HEFCW or a relative of a current officer expresses an intention to compete for the provision of goods or services. In these circumstances it is vital that HEFCW is seen to be fair and open in its choice of supplier and formal competitive tendering shall apply. In other circumstances it shall be the responsibility of the officer concerned to decide whether formal competitive tendering is required for purchases under £25,000 (including VAT).

6.6.4 Period of Validity of Quotes

Quotes shall remain valid for a period of sixty calendar days (60 days) from the date given for the receipt of bids.

6.6.5 Expenditure Excluded from the Procurement Procedures

The following items of expenditure shall not normally be subject to the requirements of the procurement procedures as stated in 6.6.2 to 6.6.4 above but, where appropriate, an order should be completed to register the commitment of funds:

- rent, rates and tax
- provision of public utility services (electricity, gas and water services)
- salaries, wages and pensions relating to The Council Members and staff
- redundancy payments
- the Council Members and staff car mileage and incidental expense claims
- interest and repayment of advances to the WAG
- postage
- planning and building control fees

6.6 Contracts of an on-going nature

6.6.1 Reference should be made to the Procurement Manager for contracts of an on-going nature with reference to extensions and re-tendering.

6.6.2 Exceptionally, the contract for the provision of banking services may be awarded for a period up to five years, in accordance with requirements of Financial Regulation 10 but it must be subject to review every two years as required under paragraph 6.6 of the Financial Memorandum. The award of the contract for banking services shall require the prior approval of the Chief Executive.

6.7 Work of a similar nature

Prior to any formal tender exercises being carried out by HEFCW, collaborative opportunities should always be explored. The procurement section will investigate the availability of any collaborative arrangements for the required goods and services. By using collaborative arrangements HEFCW can usually obtain better terms/prices, due to the contract being utilised by a number of public bodies and therefore being able to obtain leverage on price and benefit due to economies of scale. If the required goods or services are covered by a collaborative arrangement, the Procurement Manager will analyse what is available and along with the budget holder, produce a business case for proceeding with its use. If there is a collaborative arrangement available for the required goods or services but it does not meet the needs of the HEFCW, reasons will be documented prior to proceeding with a formal tender exercise.

6.8 Choice of suppliers

6.8.1 HEFCW must be able to demonstrate satisfactory standards of propriety and regularity in its commitment of expenditure and all officers should ensure that any possibility of conflict of interest should be considered and eliminated at the outset. It is also the duty of officers to ensure that no potential supplier is given unfair advantage by offering more information or time to one than to another.

6.8.2 The choice of suppliers invited to tender for goods and services should again reflect HEFCW's obligation to be fair and open. Reference should be made to the Procurement Procedures and the Procurement Manager where necessary to ensure this.

6.8.3 Officers should ensure that the successful tenderer is technically, creatively and commercially capable of fulfilling the contract in an efficient manner and is financially sound.

6.9 Departure from normal practice

The following constitute departures from normal practice:

- the use of a single tender;
- the extension of an existing contract, unless the original contract included an option to extend;

- the acceptance of a tender when fewer than the required number of tenders have been received; and
- the awarding of the contract to a supplier other than the highest scoring one per the evaluation matrix.

Purchasing Procedures detail the necessary instructions to be followed for handling departures from normal practice. All such occasions should be referred to the Procurement Manager for advice. Such contracts will ordinarily require the prior written approval of the Head of Resources/Director of Finance and Corporate Services and may require the prior written approval of the WAG.

6.10 European Union Procurement Regulations

Contracts that are above certain thresholds are required to be advertised and awarded in accordance with the European Communities Consolidated Directives (EC) 2004/18/EC and the General Agreement on Tariffs and Trade (GATT) rules on public procurement. Further information and details of the current thresholds can be obtained from the Procurement Manager.

6.11 Appointment of Agents

Where HEFCW employs an agent and that agent is given the responsibility for incurring expenditure on behalf of HEFCW the contract with the agent should place a duty upon them to obtain best value for money and, if necessary, to defend their methodology for achieving it. The agent must also be bound by E.U. public procurement rules mentioned in 6.11 above.

6.12 Payments in Advance of Receipt of Goods or Services

No payment may be made in advance of receipt of goods or services without the prior approval of the Head of Resources. The Head of Resources shall record the payment as a payment in advance and shall require notification from the ordering department when the goods or services have subsequently been received as per Regulation 7.9.

6.13 Detailed Purchasing Procedures can be found on the intranet in the Procurement section.

ACCOUNTS FOR PAYMENT

7.1 Purpose

This regulation sets out the requirements to ensure that:

- accounts for payment are properly due and payable;
- they are appropriately certified, having regard, where possible, to segregation of duties;
- any discounts available for prompt payment are secured; and
- accounts are paid within timescales agreed with the supplier.

7.2 All suppliers of goods and services shall be required to submit invoices and claims for payment directly to the Finance Section, to enable them to be logged in the accounting systems.

7.3 The Head of Resources shall arrange for payment of all accounts properly due and payable by HEFCW on such dates as may be appropriate, having regard to the payment terms agreed with each supplier and the securing of discounts for prompt payment. In line with WAG guidance, HEFCW will ensure payment is made within 10 working days of receipt of a valid invoice if no specific payment terms are set out.

7.4 Invoices and claims for payment shall be dealt with expeditiously by the ordering departments in order to ensure that any discounts for prompt payment can be claimed and payment can be made to the supplier within the agreed timescale. Before any invoice or request for payment is authorised for payment, it shall be examined and verified by the appropriate budget holder or delegated officer. Authorisation shall be in such form as the Head of Resources may prescribe.

7.5 The authorisation of an account for payment shall, notwithstanding any selective checking arrangements undertaken by the Head of Resources, mean that the officer concerned has satisfied him/herself that:-

(a) the goods have been received, examined and approved as to the quality and quantity, or that services rendered or work done has been performed satisfactorily in accordance with the terms of any agreement or standard of specification;

(b) the prices are in accordance with quotation, contract or current market rates, or are otherwise reasonable;

(c) all discounts, other proper allowances and other credits have been deducted;

(d) no other account for the items concerned has previously been passed for payment;

(e) the account is arithmetically correct;

- (f) the expenditure codes for each item on the invoice are correct;
- (g) the expenditure is within the approved budget provision;
- (h) all necessary approvals to the expenditure have been obtained; and
- (i) where an account is for consultancy services from a consultant who works for HEFCW in more than one capacity there is no duplication of charges for services or expenses.

7.6 The Head of Resources shall cause to have examined, so far as (s)he considers necessary, all accounts passed to him/her for payment. (S)he shall be entitled to make all such enquiries and to receive such information and explanation as (s)he may consider necessary to satisfy him/(her)self that the accounts are in order for payment. The reasons for any excess of actual over estimated prices shown on orders, quotations or in contracts shall be provided by the budget holder concerned.

7.7 No accounts shall be paid by the Head of Resources unless proper authority has been obtained for the expenditure under these Financial Regulations.

7.8 If an account is not received during the month following that in which the goods were delivered, services provided or work completed, the creditors shall be requested by the department giving the order to render an account forthwith. Time should not be spent on pursuing invoices estimated to be less than £1,000.

7.9 Payments in Advance of Receipt of Goods or Services

No payment may be made in advance of receipt of goods or services without the prior approval of the Head of Resources. The Head of Resources shall record the payment as a payment in advance and shall require notification from the ordering department when the goods or services have subsequently been received.

FEES & CHARGES FOR SERVICES PROVIDED

Purpose

- 8.1 This regulation sets out the requirement to review the charging policy for all goods and services provided and to recover full cost subject to the caveats detailed above or in the event of market failure. The HM Treasury Fees and Charges Guide sets out guidance as to what constitutes the full cost of a service. HEFCW must recover full costs unless WAG, and where necessary HM Treasury, agrees otherwise.
- 8.2 In the normal course of events, HEFCW only expects to issue invoices to recover costs incurred or to charge a nominal sum to cover administrative costs eg in the case of a Freedom of Information request.
- 8.3 Where invoices are issued by HEFCW, such invoicing shall be in accordance with the requirements of Financial Regulation 9, Control of Income.

CONTROL OF INCOME

Purpose

- 9.1 This regulation sets out the requirements to ensure:
- the proper notification to the Head of Resources of all sums due to HEFCW;
 - the proper collection, custody, control and deposit of all such sums;
 - that the collection of all income is properly controlled in accordance with an agreed credit control policy and procedure;

Regulation

- 9.2 The collection of all money due to HEFCW shall be under the control of the Head of Resources who shall make and maintain adequate arrangements for prompt and proper accounting for all money, including its collection, custody, control and deposit.
- 9.3 HEFCW officers shall supply the Head of Resources with full details of all amounts due to HEFCW for work done, goods supplied or services rendered and any other amounts due to enable him/her to record correctly all sums due and to ensure the prompt rendering of accounts and recovery of income.
- 9.4 The Head of Resources shall be notified promptly in writing of all money due to HEFCW under contracts, leases, tenancy agreements, agreements for sales of property and any other agreements entered into which involve the receipt of money by HEFCW. The Head of Resources shall have the right to inspect any documents or other evidence in connection with such transactions as he/she may decide.
- 9.5 All money received by HEFCW through the post shall be individually recorded by the appropriate finance officer. It shall then, without undue delay, be paid over to the Finance Clerk for recording in HEFCW's financial records and banking in accordance with 9.7 below.
- 9.6 All money received by HEFCW staff, other than through the post must be passed without undue delay to the Finance Department for recording in HEFCW's financial records and banking in accordance with 9.7 below. Officers who receive money shall keep adequate accounts and records and shall be required to produce such records for inspection if required to do so by the Head of Resources.
- 9.7 The Head of Resources or his/her nominated officer shall, at least weekly, pay into HEFCW's bank all monies received by him/her. In the event that the monies received exceed £10,000, then banking should take place no later than the following working day.
- 9.8 Debts due to HEFCW shall not be written off except in accordance with the Financial Regulations relating to Losses (Regulation 11).

- 9.9 Negotiated settlements involving the proposed foregoing or cancellation of debts properly due to HEFCW shall be subject to consultation with Director of Finance and Corporate Services and the approval of the Chief Executive prior to any such settlement being agreed.
- 9.10 Personal cheques shall, in no circumstances, be cashed out of any money held on behalf of HEFCW.
- 9.11 All arrangements with HEFCW's bankers shall be made by the Head of Resources who shall give such directions to the bank as may be necessary for the deposit of monies received by HEFCW.

BANKING ARRANGEMENTS

Purpose

- 10.1 This regulation sets out the responsibilities for the appointment and review of HEFCW's bankers, the day to day control of banking activities and the requirement for regular audit of banking activities.

Regulation

- 10.2 The Head of Resources shall be responsible for the operation and supervision of HEFCW's bank accounts, including the ordering, custody and issue of all cheques. No new bank accounts may be opened on behalf of HEFCW without the approval of the Head of Resources, the Director of Finance and Corporate Services and the Chief Executive.
- 10.3 The Council has no power to borrow money without the prior written consent from the WAG (Financial Memorandum 6.5.1)
- 10.4 The Head of Resources shall be empowered to transfer balances that are surplus to immediate requirements from HEFCW's current accounts, either to HEFCW's deposit account or to invest temporarily on a one day call basis in Treasury Deposits or other such trustee securities.
- 10.5 HEFCW's banking accounts shall be subject to internal audit and HEFCW's Head of Internal Audit shall report forthwith to the Chief Executive in the event of any unauthorised transaction being made.
- 10.6 Cheques drawn on HEFCW's bank accounts and any instructions relating to the operation thereof shall be signed in accordance with a Bank Mandate approved by the Director of Finance and Corporate Services and the Chief Executive. On-line electronic transfers shall only be carried once approved in accordance with the Bank Mandate.
- 10.7 Electronic payment authorisation officers or cheque signatories shall ensure that all payments approved/signed by them relate to expenditure properly incurred and verified within the terms of these Financial Regulations, but this does not relieve authorised officers of their responsibilities when authorising invoices for payment.
- 10.8 No payments shall be made from HEFCW's bank accounts by direct debit without the prior approval of the WAG.
- 10.9 The Head of Resources shall review HEFCW's banking arrangements at least every two years to ensure that they represent the best value for money. The appointment of bankers shall be subject to competitive tender at least once every three to five years.

LOSSES, SPECIAL PAYMENTS, GIFTS, HOSPITALITY AND ENTERTAINING

11.1 Purpose.

To ensure that:

All losses, as defined in Managing Public Money, are correctly identified, recorded, recovered or written off and reported.

All proposed write offs within the laid down case limits and annual aggregate limits are subject to approval by the Chief Executive and that WAG approval is sought in respect of losses above those limits.

All special payments are properly authorised in line with laid down case limits and annual aggregate limits.

All gifts or hospitality received or offers of gifts or hospitality are properly recorded and processed in line with the gifts, hospitality and awards and fees policy. Please refer to the Finance section on the intranet for the details of this policy.

Regulation

Losses and Special Payments

11.2 Whenever any matter arises that involves, or is thought to involve, any of the types of losses or special payments defined in section 11.15, the Head of Team shall notify the Director of Finance and Corporate Services. (S)he shall take such steps as (s)he considers necessary by way of enquiry and investigation and shall submit a report to the Head of Team concerned.

Where losses arise due to suspected theft or fraud the Financial Regulation concerning Fraud (Regulation 12) and its attached procedure for Fraud Investigation and Reporting (Appendix A) should be referred to.

11.3 The Head of Resources shall maintain a record of all losses and special payments as defined in Managing Public Money and shall ensure that all such items are suitably recorded in HEFCW's accounts.

11.4 The above record shall show the nature, gross amount and cause of each loss, the action taken, total recoveries and date of write off where appropriate.

11.5 The Chief Executive has a personal authority, under the terms of the Financial Memorandum, to authorise the write-off of losses sustained within a case limit of £10,000. Amounts in excess of £10,000 require the approval of WAG.

11.6 The Head of Resources shall regularly review all outstanding debts and make recommendations to the Chief Executive for all proposed write offs within the individual case limit of £10,000.

- 11.7 The Chief Executive, through the Head of Resources shall obtain the prior written consent of WAG to write off losses above a case limit of £10,000.
- 11.8 Every April, HEFCW must notify WAG of write offs and special payments made or sanctioned in the previous 12 months and noted in the annual accounts.
- 11.9 The Losses and Special Payments Return shall contain such information as required by WAG.

Gifts Supplied

- 11.10 The Council has delegated authority to authorise gifts of up to £1,000. Any request to make a gift must be passed to the Head of Resources who will seek the authority of the Chief Executive. Such authority must be granted before any commitment to making a gift is made.
- 11.11 Gifts shall not be for the benefit of staff or members.
- 11.12 The presentation of prizes in competitions or award schemes shall be regarded as the making of gifts.

Gifts Received

- 11.13 The receipt of gifts or offers of gifts must be recorded in the register and processed in line with the policy on gift, hospitality and awards and fees policy. Please refer to the Finance section of the intranet for details of this policy.

Entertaining and hospitality received

Entertaining and hospitality for meeting attendees other than HEFCW staff and Council Members.

- 11.14 Buffet lunches may be provided for Committee meetings or any other meetings held in the Llanishen offices involving non-HEFCW attendees. Only those members of HEFCW staff necessary for the meeting should attend. This does not apply to training events held for staff in the Llanishen offices, where buffet lunches can be provided for non-HEFCW attendees only.

11.15 Definitions.

Losses and special payments are transactions of a type and amount which cannot be supposed to have been contemplated.

The following categories of losses and special payments are defined in Managing Public Money:

- A Losses
- B Losses of accountable stores
- C Fruitless payments and constructive losses
- D Claims waived or abandoned
- E Special Payments

Losses

Cash losses include losses due to fraud, physical losses of cash and cash equivalents, book-keeping losses, overpayment or unauthorised payment of remuneration or allowances, overpayment of grant and losses due to failure to make adequate charges for the use of property or services of HEFCW.

Losses of Accountable Stores

Losses of stores or other property include losses due to fraud, theft, fire, accident or deterioration.

Fruitless Payments and constructive losses

A fruitless payment is a payment which cannot be avoided because the recipient is entitled to it even though nothing of use to HEFCW will be received in return. Examples include payment for travel tickets or hotel accommodation wrongly booked, or for goods wrongly ordered or accepted.

Claims Waived or Abandoned

Waiver or abandonment of a claim occurs if it is decided not to present or to pursue a claim which could be or has been properly made. Examples are claims arising from contractual or other legal obligations which are not met, whether or not pursued, such as liquidated damages.

Special Payments

Special payments include extra contractual and ex gratia payments to contractors, other ex gratia payments and compensation.

FRAUD

12.1 Purpose

To ensure that:

- the Chief Executive establishes a framework of risk management, control and governance for HEFCW that is sufficient to safeguard public funds;
- cases of suspected fraud are identified, investigated and reported as laid down in the detailed procedure; and
- appropriate disciplinary and legal action is taken.

Regulation

12.2 Details of HEFCW's Fraud Policy Statement and its Fraud Response Plan addressing the issues above are to be found on the Finance section of the intranet.

SECURITY

13.1 Purpose

To ensure that:

Appropriate measures are taken to safeguard the assets and interests of HEFCW, including buildings, equipment, furniture, consumables, computers, data and information from all kinds of losses, such as those resulting from theft, flood, fire or improper or illegal activities.

The integrity of restricted information held is properly safeguarded from loss or disclosure to unauthorised persons

Regulation

- 13.2 The Chief Executive in his/her capacity as the Accounting Officer is responsible for control of the assets held by HEFCW and shall ensure that property, equipment and stores are properly controlled and safeguarded, and with checks as appropriate.
- 13.3 Each Head of Team shall be responsible for maintaining proper security at all times for all buildings, stocks, furniture and equipment under his/her control. In any case where security is thought to be defective or where it is considered that special security arrangements may be needed, the relevant Director shall seek advice from the Director of Finance and Corporate Services.
- 13.4 Keys to safes and similar secure stores are to be carried on the person of those responsible at all times. The loss of any such keys must be reported to the appropriate Director without delay.
- 13.5 The Director of Finance and Corporate Services shall be responsible for the issue of keys to the main entrances of all buildings occupied by HEFCW and shall hold a register of all officers holding such keys. No such keys shall be issued without his/her authority and no officer shall allow his/her keys to be used by an unauthorised person without the approval of the Director Finance and Corporate Services.
- 13.6 For details of the requirements of the HEFCW information security policy, please refer to the Information Technology section of the intranet.

Restricted Information

- 13.7 Restricted information held by a HEFCW employee as part of their duties shall be the responsibility of that employee. No employee shall leave such information in a position where unauthorised persons may gain access to it. When unattended all such information shall be placed in a locked drawer or cabinet. Employees shall not discuss commercially restricted information with other employees who would not normally have access to that information through their own duties with HEFCW. Breach of this regulation may render an employee liable to disciplinary action.

MANAGEMENT OF ASSETS

14.1 Purpose

This regulation sets out the responsibilities of HEFCW employees for the custody, care, physical control, security and proper use of all equipment, stocks and stores in their charge.

- 14.2 HEFCW employees shall be responsible for the custody, care, physical control, security and proper use of all equipment, stocks and stores in their charge, following the appropriate HEFCW procedures. They shall also be responsible for keeping inventories of assets under their control in a form acceptable to the Internal Audit Service/Head of Governance, Leadership and Information.
- 14.3 The Head of Resources shall be responsible for maintaining an Asset Register recording all HEFCW assets capitalised on the balance sheet. The register will be updated quarterly to support the preparation of HEFCW's accounts. This register shall record details of description, historic cost, date of acquisition, and net current value of each asset but is not intended to support the inventories described in paragraph 14.2.
- 14.4 Any member of staff shall, as soon as possible after it is discovered, report theft, loss, damage, or obsolescence of assets within their care to the Senior Information Services Manager or Office Manager as appropriate. This information should also be reported to the Head of Resources. No losses shall be written off other than in accordance with the Losses procedure set out in Financial Regulation 11.
- 14.5 Property of HEFCW shall only be removed in the ordinary course of business and used only for HEFCW's purposes in accordance with relevant guidelines.
- 14.6 Stocks and stores held shall not be in excess of normal requirements.
- 14.7 Asset inventory checks are carried out by the Senior Information Services Manager and the Office Manager or their nominees for their appropriate asset responsibilities. Records of the checks are sent to Head of Resources and are to be made available for audit purposes.
- 14.8 Surplus materials, stocks, stores or equipment shall be disposed of in accordance with the disposals policies held by ICT and Facilities Management.

COMPUTERS AND DATA PROCESSING

15.1 Purpose

This regulation sets out the requirements to ensure:

- compliance with various Government Legislation relating to the use of computers;
- the appropriate certification of paper documents intended for use in submitting data for computer processing to the main corporate systems;
- that adequate levels of security are in place for computer equipment and data systems within HEFCW.

15.2 The Computer Misuse Act 1990

The following are offences:

(a) Unauthorised access to a computer. This includes access above an individual's level of authorised use.

It is a HEFCW disciplinary offence to disclose computer passwords to unauthorised personnel.

(b) Unauthorised modification of the contents of a computer

This includes the unauthorised amendment of computer programs or data and also includes the introduction of a computer virus.

(c) Unauthorised access to a computer in order to facilitate a further offence

Examples of such an offence would be the hacking of a system in order to carry out fraud or the accessing of sensitive data for blackmail purposes.

15.3 Copyright Designs and Patents Act 1985

(a) Computer software is protected by copyright in the same way as books, videos CDs, DVDs etc. HEFCW is liable to external audit of all computers to establish the bona fides of all software installed. Unauthorised copying is an offence under this act and could lead to prosecution of the individual and / or the organisation.

(b) It is a HEFCW disciplinary offence for any individual to introduce unauthorised software onto a HEFCW computer or for non-ICT staff to copy authorised software onto another computer.

General Data Processing Matters

15.4 Documents used for submitting data for processing onto the computerised finance system shall be in a form approved by the Head of Resources. The data that is held in this manner shall be notified to the Data Protection Officer. HEFCW officers shall ensure that all such documents passed to finance for processing are certified in accordance with the signatories on the delegated budget holders lists held by finance.

INTERNAL AUDIT

16.1 Purpose

To ensure that appropriate arrangements are in place for internal audit of the whole framework of HEFCW's systems of risk management, control and governance, in accordance with the framework standards and practice set out in Government Internal Audit Standards (GIAS) and the Internal Audit good practice guidance provided by HM Treasury.

16.2 Definition

Internal Audit primarily provides the Chief Executive and Council with independent objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps HEFCW accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In addition, internal audit's findings and recommendations are beneficial to line management in the audited areas.

Regulation

- 16.3 The Chief Executive, through the Head of Internal Audit, shall have responsibility for ensuring that an internal audit service is in place to carry out a systematic review of risk management, control and governance which comprises the policies, procedures and operations in line with the Internal Audit Service Terms of Reference (to be put on Intranet once approved by Audit & Risk Committee).
- 16.4 The arrangements for internal audit shall not relieve HEFCW officers of their responsibility to maintain proper management control over the functions of HEFCW for which they are responsible.
- 16.5 The Internal Audit Service will develop and maintain an internal audit strategy, which shall be subject to approval by the Audit and Risk Committee.
- 16.6 The Internal Audit Service has a direct right of access to the Chief Executive, The Chair of the Audit and Risk Committee and, if necessary, the Chair of the Council.
- 16.7 The Internal Audit Service shall have the right of access to all records, assets, personnel and premises and can require any officer to give and information or explanation which it considers necessary to fulfil its responsibilities.

CONFLICTS OF INTEREST

17.1 Purpose

To establish the standards of conduct expected of officers and outline the steps officers should take to deal with conflicts of interest which may arise as a result of their employment with HEFCW.

Regulation

- 17.2 The Human Resources section of the Finance and Corporate Services Directorate (HR) will maintain a Register of Officers' interests which will be open for public inspection. Officers are required to disclose to HR annually and as they arise all business interests, financial or otherwise, which they or (so far as they are aware) their spouses or partners, children or close relatives may have, and HR will enter such interests on the Register. Officers should inform HR whenever their circumstances change and interests are acquired or lost. In deciding whether an interest should be disclosed, officers should have regard to the meaning given to "interest" in paragraph 17.7 of these Regulations.
- 17.3 Whilst officers are naturally entitled to pursue their own interests and activities in their own time, they should avoid putting themselves in a position where their duty to their employer conflicts with their personal activities.
- 17.4 With the exception of official activities of HEFCW, officers shall not become associated with, or responsible for, any activity or organisation as a result of their employment with HEFCW without the written authority of their respective Director. The Director shall send a copy of such written authority to HR for recording in a central register.
- 17.5 Officers should also refer to their own contract of employment and guidance from the Finance and Corporate Services Directorate to ensure that they do not place themselves in any potentially conflicting positions.
- 17.6 Officers are not permitted to participate in any decision in which they have a pecuniary interest, or where they may be perceived by others to have a pecuniary interest. Should such a situation arise, the employee should notify their line manager of the conflict or potential conflict and should take no part in any decision or actions relating to the matter.
- 17.7 Pecuniary interests may include payments or gifts in cash or in kind, or benefits of any kind from a third party to the officer or to their spouse, partner, children or other close relatives. However, the interest does not have to be financial for the purposes of disclosure. If it is likely or would, if publicly known, be perceived as being likely to interfere with the exercise of an officer's independent judgement, then the interest should be reported. If you have any doubts as to whether such a conflict has arisen, you must seek guidance from the Head of Governance, Leadership and Information.
- 17.8 HEFCW's Conflict of Interest Policy is on the Intranet in the HR section.

SALARIES

18.1 Purpose

This regulation sets out the controls required for the awarding and payment of salaries and any deductions therefrom. The salaries budget is a separately identified part of HEFCW's Running Costs budget.

Regulation

18.2 The payment of all salaries and other emoluments to Council Members and all employees shall be the responsibility of Director of Finance and Corporate Services and shall be made under arrangements approved and controlled by him/her.

18.3 Rates of pay shall be negotiated with the Works Council and agreed by the HR Committee and WAG prior to implementation. The pay of the most senior staff will be dealt with by the Council or appropriate committee.

18.4 Conditions of employment shall be as detailed in HEFCW's Contract of Employment and the Pay and Grading Policy, as amended from time to time.

18.5 Documents authorising a change in pay shall be in a form described or approved by the Director of Finance and Corporate Services and shall be certified in manuscript by HEFCW employees. Only budget holders (as defined in regulation 5.1) are authorised to sign such records. Documents relating to time records, other than those concerned with the payment of overtime, can be authorised by a line manager.

18.6 Payroll Processing

(a) The Head of Resources shall be responsible for preparing the data for processing the payroll. All documentation to be processed shall be certified by the Head of Resources or an authorised deputy.

(b) Levels of authority for amendments to payroll data shall be in accordance with the 'Changes to payroll form' held by the Head of Resources

(c) The Financial Accountant shall be responsible for the processing of the payroll data. Only data authorised by the Head of Resources or an authorised deputy shall be processed.

(d) Payroll payments shall be made in accordance with the requirements of Financial Regulation 7.

18.7 The Head of Resources shall be responsible for completing all staff related returns required by WAG. The Financial Accountant shall be responsible for all annual returns in respect of income tax and national insurance.

TRAVEL AND SUBSISTENCE PAYMENTS

19.1 Purpose

This regulation sets out the controls required for the incurring and reimbursement of travel and subsistence costs. The travel and subsistence budget is a separately identified part of HEFCW's running costs budget.

19.2 Travel and subsistence should only be incurred on HEFCW business. Rates of reimbursement shall be in accordance with the Staff Travel and Subsistence Policy and the Council Members' Travel and Subsistence Policy as revised from time to time and published by the Head of Resources. Claims for reimbursement can be made at any time once the expenditure has been incurred.

19.3 HEFCW policies relating to travel and subsistence can be found on the HR section of the intranet. The claim forms can be found on the Finance and Risk Assurance section of the intranet.

19.4 Authorisation of Claims

- (a) All employee claims for travel & subsistence must be made on official claim forms and must be signed by the claimant and authorised by the claimant's line manager and by the budget holder or duly authorised officer.
- (b) Claims from Directors shall be authorised by the Chief Executive.
- (c) Claims from the Chief Executive shall be authorised by the Director of Finance and Corporate Services.
- (d) Claims from Council Members shall be authorised by the Payroll Manager and the Head of Resources.
- (e) Claims from Committee Members (who are not Council Members) shall be authorised by the appropriate programme cost or running cost budget holder
- (f) All claims must, following authorisation, be submitted to the Finance Section for payment.

19.5 Advances

- (a) Ordinarily, advances for the purposes of travel and subsistence will not be made available. In exceptional circumstances, at the discretion of the Head of Resources, an advance may be made. All requests for an advance should be approved, prior to submission to the Head of Resources, by the appropriate Director.
- (b) The claimant shall, as soon as possible, complete the transaction by providing a detailed breakdown of actual costs incurred, with VAT receipts where appropriate.
- (c) If the advance was greater than the costs incurred then the claimant shall return the balance with the details required at 19.4 (a) above. The balance shall be paid over to the Finance Clerk for banking. If the costs incurred were greater than the advance, a separate claim shall be made on the appropriate claim form showing the total of the costs incurred and the advance already received giving a

total now due. This shall be authorised in accordance with Section 19.4 above and payment made in the usual way.

(d) The Head of Resources shall be responsible for ensuring that all advances are accounted for and that transactions are completed within a reasonable time.

19.6 Overseas Travel

All overseas travel shall require the prior written approval of the Chief Executive or the Director of Finance and Corporate Services.

INSURANCE

20.1 Purpose

This regulation sets out the conditions where insurance should or should not be taken out.

Regulation

- 20.2 The Council shall not take out any insurance without the prior written approval of WAG, other than third party insurance required by the Road Traffic Acts, and any other insurance which is required by statute.

REVISION OF FINANCIAL REGULATIONS

- 21.1 It is the duty of the Chief Executive to ensure that appropriate Financial Regulations are prepared, implemented and regularly reviewed. In practice, this responsibility is delegated to Director of Finance and Corporate Services. It shall therefore be the duty of Director of Finance and Corporate Services to report required amendments of the Financial Regulations to the Chief Executive as the occasion arises. The Chief Executive shall consider such reports and recommend such amendments as deemed necessary to HEFCW's Audit and Risk Committee for their consideration and submission to the Council for approval and incorporation into the current Financial Regulations.
- 21.2 It shall also be the responsibility of the Director of Finance and Corporate Services to carry out a thorough review of the Financial Regulations on an annual basis and to report to the Chief Executive such changes as (s)he considers desirable. These changes shall be considered by the Chief Executive who shall recommend such amendments as deemed necessary to HEFCW's Audit and Risk Committee for their consideration and submission to the Council for approval and incorporation into a revised set of Financial Regulations.