

<b>Title</b>	<b>Financial Regulations</b>
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<b>Approved by</b>	
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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 Government (WG) 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, these Financial Regulations will not be exhaustive. Where concerns or doubts arise over interpretation, lack of clarity, error or omission staff should seek clarification from their line manager and/or Head of Corporate Services. 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 and has been appointed by the WG and the National Assembly for Wales (NAW) as HEFCW's Accounting Officer. In this capacity the Chief Executive is directly answerable to the WG for the finances of HEFCW; for seeing that the rules and conditions laid down by the WG are observed; and generally for the efficient and economical conduct of the work of HEFCW.
- 1.5 The Head of 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 Head of Corporate Services and the Directors of Strategic Development and Institutional Engagement will each ensure that:
  - (a) Financial Regulations and accounting instructions are observed throughout the teams 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 Head of Corporate Services; and
  - (e) financial administration is properly handled within their team.

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- 1.7 In the execution of its business, HEFCW must pay regard to the terms of the Further and Higher Education Act 1992, HE (Wales) Act 2015 and subsequent amending and subordinate legislation, as defined in further detail by Government direction; particularly:
- The WG Framework Document issued to HEFCW,
- Guidelines and Memoranda issued by the WG;
- DAO letters and the requirements of Managing Welsh Public Money;
- WG 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 Head of Corporate Services.
- 1.9 All accounts and financial records will be kept in the form required by the Head of Corporate Services. To enable the Head of Corporate Services to carry out his/her responsibilities under these Regulations, each HEFCW Director will, as they may be required, provide the Head of Corporate Services with information and will allow him/her or their nominated staff access to documents and records under their control.
- 1.10 The following principles should, 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) Staff 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 staff charged with the responsibility of certifying invoices for payment or notifying the Head of Corporate Services 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 Corporate Services is responsible for the submission of all periodic financial statements and returns required by WG and 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 are understood as follows:

- a) Where duties or responsibilities are laid upon any Committee or Executive Group of HEFCW, it will 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 will mean that officer (or their nominated deputy) unless these regulations expressly forbid such delegation. All delegations, with the exception of budget holding responsibilities, will be recorded in writing and copies will be held by the Council Secretary. The Head of Corporate Services 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, and all delegations must be in accordance with the provisions of HEFCW's Scheme of Delegation.

## Corporate and Operating Plans

### Regulation

- 2.1 The Welsh Government's budget planning arrangements are governed by the requirements of the Government of Wales Act 2006 and the Standing Orders of the National Assembly.
- 2.2 The Framework Document requires HEFCW to produce a corporate plan in line with the current Welsh Government strategic agenda. In developing its corporate plan, HEFCW must have due regard to the Welsh Government's policy framework as described in the remit letter. The corporate plan must be updated as and when requested by the sponsor team. Unless otherwise agreed, corporate plans will be rolled forward year on year (within the life of the current corporate plan) in consultation with the WG sponsor team as they develop their own business plans.
- 2.3 HEFCW is also required to prepare an Operational Plan setting out the level of service to be achieved having due regard to the Minister's strategic agenda as described in the remit letter.
- 2.4 The Operational Plan must show how HEFCW intends to achieve its objectives for the year to conform with directions or conditions imposed by WG and contain details of HEFCW's financial plans for the year.
- 2.5 HEFCW must submit its draft corporate and operational plans to the Welsh Ministers for approval, in accordance with the timetable agreed with the sponsor team and make them available to the public.
- 2.6 The Corporate and Operational Plans and Remit letter can be found on HEFCW's website:

[http://www.hefcw.ac.uk/publications/corporate\\_documents/corporate\\_documents.aspx](http://www.hefcw.ac.uk/publications/corporate_documents/corporate_documents.aspx)

## Budgets

### Regulation

- 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 WG and be based on the formal statement of indicative financial provision for the forthcoming financial year issued by WG.
- 3.2 The Minister will confirm the amount of funding to be provided to HEFCW and any other relevant budgets as soon as possible, and normally no later than one month after the final budget has been agreed by the National Assembly.
- 3.3
  - (a) HEFCW has established a Budget Group whose terms of reference are available from the Institutional Engagement team. The Budget Group will receive the draft programme costs budget, review and recommend an overall programme budget for consideration at the March meeting of Council.
  - (b) The terms of reference of the Management Board are published on the intranet in the Internal Groups' section. The Management Board will receive the draft running costs budget, review and recommend an overall running costs' budget for consideration and approval at the March meeting of Council.
- 3.4 HEFCW's Framework Document with WG (Annex 4, section 2) states that a profile of net monthly expenditure for the whole year needs to be submitted by HEFCW and agreed by WG. The profile may be updated at any time in the year with the agreement of HEFCW's Council (delegated to the CEO) and WG. Approval from WG is obtained through the submission and approval by WG of the monthly Grant-in-Aid forms together with updated supporting monthly profiles.
- 3.5 The provisional implications of the resource allocation by WG will be reported by the Director of Institutional Engagement to the Budget Group and to Council at the earliest opportunity in order to inform Corporate Plan and Operating Plan preparations.
- 3.6 Once the overall cash budget has been agreed with WG, HEFCW may make the planned payments without further notice to WG, subject only to any restrictions imposed by statute, the Framework Document or guidance issued from time to time by WG.
- 3.7 Annex 3 of the Framework Document sets out the level of delegation from WG to HEFCW. Amendments to the approved programme fund budgets requiring a reallocation of resources (virement) above that level require the prior approval of WG. Amendments to programme budgets within WG's delegated authorities will require the prior approval of Council. Requests for virement will be submitted to Budget Group by the responsible Director, after consultation with the Head of Corporate Services. The Budget Group will make appropriate recommendations for the consideration of Council and, where necessary, WG.

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- 3.8 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 Corporate Services. Virements to and from the salaries budget require the prior consent of the Chief Executive.
- 3.9 Further information on budget procedures can be found in the relevant sections of the Budget and Cash Management document in the Finance section on the intranet.

## Monitoring (Budgetary Control)

### Regulation

- 4.1 Following the approval of the programme cost and running cost budgets by Council, the nominated budget holders will 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 3.7 & 3.8).
- 4.3 The Head of Corporate Services will be responsible for the overall cash management of HEFCW. By the 5<sup>th</sup> working day following any month end, a Grant in Aid (GIA) claim will be submitted to WG requesting the month's cash draw down.
- 4.4 The Head of Corporate Services will arrange for monthly reports to be provided by the Accountant to the Budget Holders and their nominees of payments and receipts against the cash budget for monitoring purposes.
- 4.5 Budget Holders will provide the Accountant with quarterly budget updates which will be used to prepare and submit quarterly statements of programme to Budget Group and Council and running costs to Management Board and Council showing payments and receipts against the agreed cash budget. These reports should be utilised in reporting to the WG sponsor team on a quarterly basis.
- 4.6 For further information on budget monitoring procedures reference should be made to the relevant sections of the Budget and Cash Management document in the Finance section on the intranet.

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## Delegated Financial Authority

### Regulation

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

(1) Running Costs:

Chief Executive	-	Individual items up to £250,000
Directors/Head of Corporate Services (Budget holders)	-	Individual Items up to £50,000
Staff with delegated authority (i)	-	Individual Items up to £10,000

- (i) The 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 Corporate Services 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 will have the authority to approve individual contracts committing HEFCW to future expenditure. Budget holders have the 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 Corporate Services.

There is provision for budget delegation to another budget holder of equal or higher grade to accommodate leave or illness.

The Chief Executive has delegated authority to (i) authorise programme fund payments or advances of grants to institutions outside approved allocations; and (ii) approve expenditure from the Council's programme budget outside approved allocations as laid down in the Council's 'Scheme of Delegation'.

For the avoidance of doubt, transactions above the levels set out in (i) and (ii) above, which have not been previously identified as part of an approved budget shall require the authority of either the Chief Executive, (if they have delegated authority from Council), Council and, if appropriate, WG.

- 5.2 Directors and the Head of Corporate Services will ensure that all approvals given under their delegated authority will be committed in accordance with the appropriate Financial Regulation dealing with incurring expenditure.

## Incurring Expenditure

### Purpose

6.1 Staff should choose the appropriate method of procuring goods and services depending on the level of expenditure involved, to achieve value for money when committing HEFCW's resources. This applies to all procured expenditure. Early advice should be sought from the Senior Procurement Manager when planning any procurement.

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.

### Regulation

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 and transparency in the choice of supplier. Use of existing Collaborative Arrangements or competitive tendering (formal or informal) are the best way to achieve these aims, and are the normal procedures to be adopted. Where any form of procurement takes place all documentation should be retained in line with the Retention Scheme in HEFCW's Records Management Guidance.

### Purchasing Procedures

6.5 Detailed purchasing procedures for procurement within HEFCW can be found on the Procurement section of the intranet. This comprises a one page Summary of Procurement Procedures together with the full Procurement Procedures document and supporting tools.

Summary Procurement Procedures –

<http://intranet/Documents/procurement/Summary%20of%20Procurement%20Procedures%20v1%201.pdf>

Full Procurement Procedures –

<http://intranet/Documents/procurement/Purchasing%20Procedures%20Nov%202015.pdf>

Further advice and guidance should be obtained from the Senior Procurement Manager.

## Accounts for Payments

### Purpose

- 7.1 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.

### Regulation

- 7.2 All suppliers of goods and services will be required to submit invoices and claims for payment directly to the Finance Section, to enable them to be logged in the accounting system.
- 7.3 The Head of Corporate Services will 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 WG guidance, HEFCW will endeavour to make payment within 10 working days of receipt of a valid invoice.
- 7.4 Invoices and claims for payment will be dealt with expeditiously to ensure that any discounts for prompt payment can be claimed and payment can be made to the supplier within the agreed timescale.
- 7.5 If an invoice is order related then it will be examined and annotated by the appropriate budget holder or their representative confirming receipt of goods or services. Authorisation will be in such form as the Head of Corporate Services may prescribe.
- 7.6 If an invoice is not order related, it will be examined and authorised by the appropriate budget holder or their representative confirming receipt of goods or services. Authorisation will be in such form as the Head of Corporate Services may prescribe. This authorisation will confirm 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 agreed budget contribution
  - (c) the expenditure codes for each item on the invoice are correct
  - (d) the expenditure is within the approved budget provision

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(e) all necessary approvals to the expenditure have been obtained;

7.7 The Head of Corporate Services will examine, as far as deemed necessary, all accounts passed to him/her for payment. They will be entitled to make all such enquiries and to receive such information and explanation as they 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 will be provided by the budget holder concerned.

7.8 No accounts will be paid by the Head of Corporate Services unless proper authority has been obtained for the expenditure under these Financial Regulations.

7.9 On a periodic basis, the Finance Officer will review the list of outstanding orders and liaise with the ordering section to confirm whether the goods were delivered, services provided or work completed. The Purchase Order Processing system (POP) will be updated to reflect this.

7.10 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 Corporate Services. The Head of Corporate Services will record the payment as a payment in advance and will require notification from the ordering section 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. How to Calculate Fees and Charges in Managing Welsh Public Money should be considered as best practice. HEFCW must recover full costs unless WG, and where necessary HM Treasury, agrees otherwise.

### **Regulation**

- 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, where the costs exceed the threshold defined in the FOI Act).
- 8.3 Where invoices are issued by HEFCW, such invoicing will 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 Corporate Services 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 will be under the control of the Head of Corporate Services who will make and maintain adequate arrangements for prompt and proper accounting for all money, including its collection, custody, control and deposit.
- 9.3 HEFCW staff will supply the Head of Corporate Services 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 Corporate Services will 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 Corporate Services will 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 will be individually recorded by the Finance Officer and recorded in HEFCW's financial records and banking in accordance with 9.6 below.
- 9.6 The Head of Corporate Services or their nominated officer will, 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.
- 9.7 Debts due to HEFCW will not be written off except in accordance with the Financial Regulations relating to Losses (Regulation 11).
- 9.8 Negotiated settlements involving the proposed foregoing or cancellation of debts properly due to HEFCW will be subject to consultation with Head of Corporate Services and the approval of the Chief Executive prior to any such settlement being agreed.
- 9.9 All arrangements with HEFCW's bankers will be made by the Head of Corporate Services who will 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 Corporate Services will 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 Corporate Services and the Chief Executive.
- 10.3 HEFCW has no power to borrow money without the prior written consent from the WG.
- 10.4 The Head of Corporate Services will transfer balances that are surplus to immediate requirements from HEFCW's current accounts to the Government Banking Services (GBS) accounts. Surplus funds are as defined by HM Treasury guidance received by HEFCW
- 10.5 HEFCW's banking accounts will be subject to internal audit and HEFCW's Head of Internal Audit will 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 will be signed in accordance with a Bank Mandate approved by the Head of Corporate Services and the Chief Executive.
- 10.7 Staff with electronic payment authorisation or cheque signatories will ensure that all payments they have approved/signed relate to expenditure properly incurred and verified within the terms of these Financial Regulations, but this does not relieve authorised staff of their responsibilities when authorising invoices for payment.
- 10.8 The Head of Corporate Services will review HEFCW's banking arrangements annually as part of a contract meeting. The appointment of bankers will be subject to competitive tender at least once every five years.

## Losses, Special Payments, Gifts, Hospitality and Entertaining

### Purpose

11.1 To ensure that:

- All losses, as defined in Managing Welsh Public Money, are correctly identified, recorded, recovered or written off and reported to Sponsor Team.
- All proposed write-offs are subject to approval by the Chief Executive.
- All special payments considered novel, contentious or repercussive are properly authorised by the WG Sponsor Team.
- All gifts or hospitality received or offers of gifts or hospitality are properly recorded and processed in line with the Gifts, Hospitality, Awards and Fees policy. Please refer to the Finance section on the intranet for the details of this policy.

Definitions and examples of losses and special payments can be found in Managing Welsh Public Money

### 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 11.13, the Head of Section/Head of Team/Director will notify the Head of Corporate Services. They will take such steps as considered necessary by way of enquiry and investigation and will submit a report to the Head of Section concerned.

Where losses arise due to suspected theft or fraud the Financial Regulation concerning Fraud (Regulation 12) and the Fraud and Bribery Procedures (to be found on the intranet) should be referred to.

11.3 The Head of Corporate Services will maintain a record of all losses and special payments and will ensure that all such items are suitably recorded in HEFCW's accounts.

11.4 The above record will 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 will have personal authority to authorise the write-off of losses sustained within a case limit of £10,000. Amounts in excess of £10,000 will be reported to the WG sponsor team for write-off approval.

11.6 The Head of Corporate Services will 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.

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- 11.7 HEFCW must notify WG annually of write offs and special payments made or sanctioned in the previous 12 months and noted in the annual accounts.

### Gifts Supplied

- 11.8 Any request to make a gift must be passed to the Head of Corporate Services who will seek the authority of the Chief Executive. Such authority must be granted before any commitment to making a gift is made.
- 11.9 Gifts will not be for the benefit of staff or members.
- 11.10 The presentation of prizes in competitions or award schemes will be regarded as the making of gifts.

### Gifts Received

- 11.11 The receipt of gifts or offers of gifts must be recorded in the register and processed in line with the policy on Gift, Hospitality, Awards and Fees policy. Reference should be made 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.

- 11.12 Buffet lunches may be provided for Council or Committee meetings or any other meetings held in the HEFCW 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 HEFCW offices, where buffet lunches can be provided for non-HEFCW attendees only.
- 11.13 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 Welsh 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 and bribery**

### **Purpose**

12.1 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 or bribery 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 and Bribery Policy and Procedures for addressing the issues above are to be found on the Finance section of the intranet.

## Security

### Purpose

13.1 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 information classified as 'Official Sensitive' is properly safeguarded from loss or disclosure to unauthorised persons

Information classified under the General Data Protection Regulation as 'personal data' or 'special categories of personal data' is properly safeguarded in accordance with the requirements of the General Data Protection Regulation and any other relevant data protection laws.

### Regulation

13.2 The Chief Executive in their capacity as the Accounting Officer is responsible for control of the assets held by HEFCW and will ensure that property, equipment and stores are properly controlled and safeguarded, and with checks as appropriate.

13.3 Each Director/Head of Team will be responsible for maintaining proper security at all times for all stocks, furniture and equipment under their 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 will seek advice from the Head of Corporate Services.

~~13.4~~ For details of the requirements of the HEFCW information security policy, please refer to the Information Security section of the intranet.

### Information classified as Official - Sensitive

~~13.5~~ Information classified as Official – Sensitive held by a HEFCW employee as part of their duties will be the responsibility of that employee. No employee will leave such information in a position where unauthorised persons may gain access to it. When unattended all such information will be placed in a locked drawer or cabinet. Employees will not discuss commercially sensitive 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.

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Deleted: 13.4. Keys to the building, safes and similar secure stores are to be carried on the person of those responsible at all times, whilst in the office. The loss of any such keys must be reported to the appropriate Director/Head of Team without delay.¶

¶ 13.5. The Head of Corporate Services will be responsible for the issue of keys to the main entrances of all buildings occupied by HEFCW and will hold a register of all staff holding such keys. No such keys will be issued without their authority and no officer will allow their keys to be used by an unauthorised person without the approval of the Head of Corporate Services.¶

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## Management of Assets

### Purpose

- 14.1 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.

### Regulation

- 14.2 HEFCW employees will 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 will also be responsible for keeping inventories of assets under their control in a form acceptable to the Internal Audit Service.
- 14.3 The Head of Corporate Services will 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 will 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 will, as soon as possible after it is discovered, report theft, loss, damage, or obsolescence of assets within their care to the Head of Information Systems and Facilities. This information should also be reported to the Head of Corporate Services. No losses will be written off other than in accordance with the Losses procedure set out in Financial Regulation 11.
- 14.5 Property of HEFCW will only be removed from the building in the ordinary course of business and used only for HEFCW's purposes in accordance with relevant guidelines.
- 14.6 Stocks and stores held will not be in excess of normal requirements.
- 14.7 Asset inventory checks are carried out by the Head of Information Systems and Facilities or their nominees for their appropriate asset responsibilities. Records of the checks are sent to Head of Corporate Services and are to be made available for audit purposes.
- 14.8 Surplus materials, stocks, stores or equipment will be disposed of in accordance with the disposals policies held by ICT and Facilities Management.

## Computers and Data Processing

### Purpose

15.1 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.

### Regulation

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 will be in a form approved by the Head of Corporate Services. The data that is held in this manner will be notified to the Data Protection Officer. HEFCW staff will 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

### Purpose

- 16.1 To ensure that appropriate arrangements are in place for internal audit of HEFCW's governance, risk management and control arrangements, in accordance with the Public Sector Internal Audit Standards (PSIAS).

The PSIAS encompass the mandatory elements of the IIA International Professional Practices, including the Core principles, definition of internal auditing, mission statement, code of ethics and the standards, with additional requirements and interpretations for the UK public sector.

Deleted: framework of standards and practice set out in the Public Sector Internal Audit Standards (PSIAS)

### Definition

- 16.2

The mission of internal audit, as set out in the PSIAS, is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve HEFCW's operations. It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluating the effectiveness of governance, risk management, and internal control processes.

Deleted: This is accomplished

Internal audit provides Council, through the Accounting Officer and the Audit & Risk Assurance Committee, with an independent and objective opinion on the effectiveness of governance, risk management, and internal control in achieving the organisation's agreed objectives. This opinion forms part of the framework of assurances that the Accounting Officer needs to inform the completion of the annual governance statement

### Regulation

- 16.3 The Chief Executive, through the Head of Internal Audit, will have responsibility for establishing and maintaining arrangements for internal audit in accordance with the requirements of the Public Sector Internal Audit Standards.
- 16.4 The purpose, authority and responsibility of the internal audit service within HEFCW will be set out in the Internal Audit Service Charter. The Charter will be reviewed annually and any changes approved by the Audit and Risk Assurance Committee.
- 16.5 The arrangements for internal audit will not relieve HEFCW staff of their responsibility to maintain proper management control over the functions of HEFCW for which they are responsible.
- 16.6 The Internal Audit Service will develop and maintain an internal audit strategy and annual plan. The strategy and annual plan will be provided for approval to the Audit and Risk Assurance Committee who will then advise the Council.

Deleted: objectives, standards and practices described in HM Treasury's

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- 16.7 The Internal Audit Service has a direct right of access to the Chief Executive, The Chair of the Audit and Risk Assurance Committee and, if necessary, the Chair of Council.
- 16.8 The Internal Audit Service will have the right of access to all records, assets, personnel and premises and can require any officer to give information or explanation which it considers necessary to fulfil its responsibilities.

### **Conflicts of Interest**

#### **Purpose**

- 17.1 To establish the standards of conduct expected of staff and outline the steps staff 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 (HR) section of the Corporate Services Team maintains a Register of Staff's interests which will be open for public inspection. This is an electronic register and staff are required to make a declaration annually and as they arise, of 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. Staff should revise their declaration whenever their circumstances change and interests are acquired or lost.
- 17.3 HEFCW's Conflict of Interest Policy is on the Intranet in the HR section.

## Salaries

### Purpose

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

With regard to the recruitment, management and advancement of staff, HEFCW will follow the principles and behaviours set out in Chapter 4 of 'Managing Welsh Public Money' and in line with section 3.2.1 of the Framework Document.

### Regulation

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

18.3 Rates of pay will be negotiated with the Works Council and agreed by the HR Committee and WG prior to implementation. The pay of the Chief Executive will be considered by the Remuneration Committee and proposals put forward to WG for approval prior to implementation.

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

18.5 Payroll Processing

(a) The Head of Corporate Services will be responsible for preparing the data for processing by Payroll. All documentation to be processed will be certified by the Head of Corporate Services or an authorised deputy.

(b) Levels of authority for amendments to payroll data will be in accordance with the 'Changes to payroll form' held by the Head of Corporate Services.

(c) The Payroll Manager will be responsible for the processing of the payroll data. Only data authorised by the Head of Corporate Services or an authorised deputy will be processed.

18.6 The Head of Corporate Services will be responsible for completing all staff-related returns required by WG. The Payroll Manager will be responsible for all annual returns in respect of income tax and national insurance.

18.7 Subject to its delegated levels of authority, HEFCW must ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them;

18.8 Any proposal to pay redundancy or compensation for loss of office requires prior written approval from the WG sponsor team. Proposals on severance must comply with the rules set out in Chapter 4 of Managing Welsh Public Money.

## Travel and Subsistence Payments

### Purpose

- 19.1 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.

### Regulation

- 19.2 Travel and subsistence should only be incurred on HEFCW business. Rates of reimbursement will be in accordance with the Travel and Subsistence Policies for staff, Council Members and Committee Members as revised from time to time and published by the Head of Corporate Services.
- 19.3 HEFCW policies relating to travel and subsistence can be found on the Finance section of the intranet for staff and on the extranet for Council Members and Committee Members. The claim forms can be found on the Finance section of the intranet for staff and on or the extranet for Council Members and Committee Members.
- 19.4 Authorisation of Claims
- (a) All staff claims for travel & subsistence must be made on official claim forms and must be signed by the claimant, authorised by the claimant's line manager and by the budget holder or delegated authority officer (DAO) before being forwarded to Finance for processing through payroll in accordance with the agreed timetable.
  - (b) Claims from the Head of Corporate Services and Directors will be authorised by the Chief Executive.
  - (c) Claims from the Chief Executive will be authorised by the Head of Corporate Services.
  - (d) Claims for Council Members should be submitted to the Council Secretary for confirmation of attendance before being passed to the Payroll Manager for checking and authorisation by the Head of Corporate Services. Claims should be submitted to the Payroll Manager by the 8<sup>th</sup> calendar day of the month for processing in that month.
  - (e) Claims from Committee Members (who are not Council Members) will be authorised by the appropriate running cost budget holder or DAO and then submitted to Finance for processing through the invoice processing system.
  - (f) Claims by staff members should be submitted in line with the timetable that is published on the finance section of the intranet

#### 19.5 Advances

- (a) In view of the timetable for processing expenses through the payroll system, staff may make a request for an advance for the purposes of travel and subsistence. A request should be sent to the Head of Corporate Services by email for approval, having been approved by the Line Manager and Director/Head of Team. Requests can be made for any type of travel and subsistence expenditure, including car hire refuelling expenses. Once approved, a request for payment will be prepared by the Payroll Manager and submitted to Finance for payment. The advance will be made by BACS.
- (b) Staff should complete a travel and subsistence form to submit for the next available payroll submission for the whole amount of their expense claim.
- (c) The advance will be recovered by making a deduction from salary in the first month of payroll processing of travel and subsistence after the expected date of incurring the expenses.

#### 19.6 Overseas Travel

All overseas travel will require the prior written approval of the Chief Executive or the Head of Corporate Services.

### **Insurance**

#### **Purpose**

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

#### **Regulation**

- 20.2 HEFCW will not take out any insurance without the prior written approval of WG, 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 Head of Corporate Services. It will therefore be the duty of Head of Corporate Services to report required amendments of the Financial Regulations to the Chief Executive as the occasion arises. The Chief Executive will consider such reports and recommend such amendments as deemed necessary to HEFCW's Audit and Risk Assurance Committee for their consideration and submission to Council for approval and incorporation into the current Financial Regulations.
- 21.2 It is also the responsibility of the Head of 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 are considered desirable. These changes will be considered by the Chief Executive who will recommend such amendments as deemed necessary to HEFCW's Audit and Risk Assurance Committee for their consideration and submission to Council for approval and incorporation into a revised set of Financial Regulations.

<b>Version</b>	<b>Date</b>	<b>Description</b>
<b>0.1</b>	<b>Dec 2003</b>	Inherited policy
<b>1.0</b>	<b>Oct 2008</b>	Policy updated for approval by Management Board
<b>1.1</b>	<b>Oct 2008</b>	Policy updated for approval by Audit & Risk Committee
<b>1.2</b>	<b>Dec 2008</b>	Policy approved by Council
<b>2.0</b>	<b>Oct 2009</b>	Policy updated for approval by Management Board & Audit & Risk Committee
<b>2.1</b>	<b>Dec 2009</b>	Policy approved by Council
<b>3.0</b>	<b>Mar 2012</b>	Policy updated for approval by Management Board and the Audit & Risk Committee
<b>3.1</b>	<b>Dec 2012</b>	Policy approved by Council
<b>4.0</b>	<b>Nov 2014</b>	Policy updated for approval by Management Board, the Audit & Risk Committee and Council
<b>5.0</b>	<b>Dec 2015</b>	Policy updated for approval by Management Board and the Audit and Risk Committee
<b>6.0</b>	<b>November 2017</b>	Policy updated for approval by Management Board and the Audit and Risk Committee