

Financial Management Strategy

OVERVIEW

The over-riding objective of the Financial Management Strategy is to provide the TESL Board with a framework through which the College's financial sustainability can be secured and through which the Risk Management Strategy can be implemented in the financial affairs of the College. It is also how the TESL Board can satisfy itself as to the probity with which external funds are managed.

The Financial Management Strategy, which supports NCH's overall Strategic Plan and is allied to the Risk Management Strategy, is underpinned by four key principles which are:-

- Integration with other relevant policies and strategies
- Relevant to resource managers and/or budget holders throughout the College
- Long term focus while allowing flexibility
- Robust framework for decision making

The requirement to deliver sustainability is supported by the following principle objectives:-

- Establish and maintain effective and commercially focused financial stewardship arrangements and embed throughout the College;
- Ensure appropriate levels of capital for day to day operations and finance for investment in accordance with the College's wider strategic plan;
- As far as practicable the College's financial management will be transparent and open as possible to the relevant parties.

SCOPE AND PRINCIPLES OF THE STRATEGY

The College has been entrusted with public and private funds to fulfil its mission of learning and teaching, research and community engagement. In carrying out activities to support its mission, the College complies with specific financial administration, accounting, control, management, audit and reporting requirements, as specified in the relevant legislation.

To assist the College to meet these requirements, this strategy, its purpose is to ensure that College funds and resources are used only for College purposes, and that appropriate financial controls are developed, documented and applied to prevent the abuse or misuse of funds and other resources And to manage risks to the College's sustainability.

This strategy sets out the principles of financial management which underpin all financial activities undertaken by, and within, the College.

SCOPE

This strategy applies to all of the College community.

STRATEGY PRINCIPLES

1. Risk management

The College applies this strategy taking into account its Risk Management Strategy, in particular concerning risks to the financial sustainability of the College.

2. Authorisations

No College funds may be committed or expended except by approval of a College staff member with the authority to approve.

3. Use of College funds

College funds must only be expended on goods and services for College purposes. Any funds from external sources tied to particular purposes, such as grant funds, must be used only for the specified purposes.

4. Financial records

All financial transactions must be properly documented and accurately recorded in a timely manner and in accordance with College's policies, procedures and business processes.

It is an offence under anti bribery legislation to falsify accounting documents (including altering, concealing or destroying financial records or failure to make or amend an accounting document) either intentionally or unintentionally, to facilitate or disguise illegitimate financial transactions.

5. Integrity

All members of the College community are to act in an ethical and honest manner in all aspects of procurement and financial expenditure involving College funds.

6. Care and use of College property

All users of College property must:

- treat College property with care and consideration, in accordance with accepted community standards,
- use College property for College purposes only, and in accordance with manufacturers' instructions, safe work practices and any relevant College procedures, and
- ensure College property is appropriately secure from damage, theft or misappropriation.

7. Compliance

All members of the College community are required to comply with this policy and related University procedures and business processes. Failure to do so may result in disciplinary action and/or the withdrawal of College privileges, services and facilities.

IMPLEMENTATIONS OF THE STRATEGY

This strategy is manifested in various practices undertaken by the College:

1. The practical manifestation of the Financial Management Strategy occurs in a number of business process undertaken by the College:
 - 1.1. Approval of an annual budget and a three year plan by TESL Board this is following a proposal by the Executive Committee which is informed by inputs from the Senior Management, in itself informed by the Remuneration Committee for Staff and the Resource Allocation Group, and the Remuneration Committee.
 - 1.2. The TESL Board then has a set of monthly Management Accounts that are prepared by the College's finance function.
 - 1.3. A full external audit is carried out independent auditors following the end of the accounting period.
 - 1.4. Individual budget holders are responsible, on receipt of information from the College's finance function, for managing their budgets as agreed in the TESL Board approved yearly budget.
 - 1.5. The Authority limits as set out in schedule 1 below are required to be followed by all College members as appropriate.
2. In addition, there are also a number of standalone documents that form part of the overall financial management strategy:
 - 2.1. The Expenses Policy included in the Staff Handbook sets out the limits and procedures for members of College
 - 2.2. The Student Ambassadors Handbook sets out how they get remunerated and how they claim expenses when they perform that role for the College.

SCHEDULE 1

AUTHORITY LIMITS

Principles

The purpose of authority limits is to control spending within budgeted levels and to ensure financial accountability, without paralysing the business. Therefore:

- Authority must be obtained **before** any cost is incurred, except for routine utilities.
- Authority cannot be delegated. If an individual is unavailable, use the next level up.
- Budgeted and unbudgeted expenditure have different limits.
- All related expenditure must be grouped to determine the authority level (so four computers at £1,000 each require one authorisation at £4,000, not four at £1,000).
- For leased and hired items and for temporary staff costs, the total cost for the entire contract or notice period determines the authority level. If the contract is open-ended, with less than 12 months' notice, the cost for 12 months determines the level.
- If the need is urgent, do not allow the process to cause delay: use email.

Consent matters*

Any capital commitment over £50,000 or contract for over 12 months	TESL BOARD
Factoring of debts or borrowing or acceptance of credit (other than in the ordinary course of business) over £100,000 in any one case or £250,000 in aggregate outstanding at any time	TESL BOARD
Making any loan or advance or giving any credit (other than in the ordinary course of business) over £10,000, in each case or £50,000 in aggregate outstanding at any one time	TESL BOARD
Engaging any employee or consultant, or varying their terms, to require more than three months' notice to terminate the contract or so that total annual pay will exceed £100,000 including commission or bonuses	TESL BOARD

* This is only a summary of the financial consent matters, requiring Board approval including the consent of an Ebstein director

General Limits

All the authorities delegated below are subject to the following overriding limits:

Any <i>budgeted</i> expenditure over £100,000 in total on any one item or group of items	TESL BOARD
Any <i>unbudgeted</i> expenditure over £25,000 in total on any one item or group of items	TESL BOARD
Any expenditure outside the limits below	TESL BOARD

The COO can confirm whether a particular item is budgeted.

Capital expenditure (generally to purchase identifiable assets at over £1,000 each)

Any expenditure below the General Limits	Executive Committee
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Employment

General increases and bonus pools	TESL BOARD
New members of the Professoriate	TESL BOARD
Individual increases and other non-hiring remuneration changes for the Master, CEO or anyone with total remuneration over £100,000 p.a	Remuneration Committee
Budgeted academic casual staff, subject to the General Limits	Master
Budgeted non-academic temporary staff, subject to the General Limits	Relevant member of the Executive Committee
All other academic staff hiring and remuneration changes, including temporary and casual staff, subject to the General Limits	Master
All other non-academic staff hiring and remuneration changes, including	Executive Committee

temporary and casual staff, subject to the General Limits	
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Expenses

Chairman’s expenses	COO
Other Board members’ expenses	Chairman
Other expense claims	Relevant member of the Executive Committee

Budgeted exhibition and marketing costs

Up to £500 budgeted	Those reporting directly to an ExCo member, with exceptions determined by the ExCo
Up to the General Limits	Executive Dean

External services and site maintenance

Up to £500 budgeted (or unbudgeted in emergency only)	HR & Ops Manager
Up to the General Limits	COO

Other items

Unbudgeted items over £25,000 and budgeted items over £100,000 require Board approval.

Insurance renewals; utilities and telecoms standing charges and usage; online services; routine bank charges and other finance charges; equipment hire and leasing; casual vehicle hire	COO
Training	Executive Committee
External accounting and professional fees	COO
Legal fees	COO

FINANCIAL MANAGEMENT STRATEGY

Any fees paid to an auditor (including non-audit work)	TESL BOARD
All other items, subject to the General Limits	Executive Committee

Consumables, equipment and office supplies

Up to £500 budgeted	Those reporting directly to an Executive Committee member, with exceptions determined by the Executive Committee
Up to the General Limits	COO

Approval process

Approval can be obtained by email and ratified in writing at the next opportunity, such as the next Board meeting.

Title	Financial Management Strategy	Author	COO
Location	NCH Academic Handbook	Approved by	TESL Board
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