Homerton College, Cambridge

FINANCIAL REGULATIONS contained in the Statutes and Ordinances
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1 INTRODUCTION

Homerton College is a College of the University of Cambridge. The College is governed by its Statutes and Ordinances. (The College is a Registered Charity and the members of the Council are the Charitable Trustees. Its subsidiary company, Colophon Limited, is governed by its own Articles of Association.

2 FINANCIAL RESPONSIBILITY UNDER THE STATUTES AND ORDINANCES

The Governing Body shall hold an annual meeting called the Audit Meeting in the Michaelmas Term to approve the audited accounts of the College and the reports of the auditor, Audit Committee and the Bursar. The following financial responsibilities are delegated by the College’s Governing Body to Council:

(a) oversight of the financial affairs of the College in accordance with policies and strategies approved by the Governing Body;

(b) proposal of the College Plan to the Governing Body;

(c) approval of the College Budgets and recommendation of the Audited Accounts of the College for approval by the Governing Body.

1 Statute 3 - The Governing Body

2 Ordinance 1 – The Council, paragraph (l)
3  THE ACCOUNTS AND AUDIT

(a) Subject to the Statutes of the University, the accounts of the College shall be kept in such form as the Council shall determine.

(b) In each year the College shall close its accounts on 31 July, or such other date as shall be determined by the Council.

(c) The accounts shall be audited each year by an Auditor appointed by the Governing Body, who shall be a qualified accountant, not being a member of the Governing Body. The Auditor shall report to the Governing Body, and shall sign such certificates as may be required by the Statutes of the University, or shall state in writing to the Governing Body the reasons for not so signing. The audited accounts and the reports of the Auditor, the Audit Committee and the Bursar shall be submitted to the Governing Body at the Audit Meeting.

(d) A statement of accounts in the form prescribed by the University shall be sent each year at the required time to the appropriate University authority, together with the Auditor’s certificates.

(e) Any member of the Governing Body shall be entitled at any reasonable time to inspect the full financial records of the College.

(f) There shall be an Audit Committee established by Ordinance.

4  THE AUDIT COMMITTEE

(a) The Governing Body shall appoint an Audit Committee. The Committee, its chair and secretary shall be appointed by the Governing Body. There shall be five members, none of whom are College Officers or members of the Council and up to two of whom may be persons who are not members of the Governing Body.

(b) The quorum shall be three members including two Fellows.

(c) The Bursar, the Finance Officer and a representative of the external auditors shall normally attend meetings where business relevant to them is to be discussed. However, at least once a year the committee shall meet with the external auditors without any officers present.

(d) Meetings shall normally be held at least twice each financial year. The external auditors may request a meeting if they consider it necessary.

3 Statute 32 – The accounts and audit

4 Schedule 5.1 to the Ordinances – The Audit Committee
(e) The Committee is authorised by the Governing Body to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any Fellow or employee, and all Fellows and employees are directed to co-operate with any request made by the committee.

(f) The Committee is authorised by the Governing Body to obtain outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, normally in consultation with the Principal. However, it may not incur direct expenditure in this respect in excess of £1,000 without the prior approval of the Governing Body.

(g) The Committee shall consider the annual financial statements. It shall consider the external audit opinion, any relevant issue raised in the external auditor’s management letter, the statement of Fellows’ responsibilities and any corporate governance statement.

(h) The other duties of the Committee shall be:

(i) To advise the Governing Body on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors and any questions of resignation or dismissal of the external auditors;

(ii) To discuss with the external auditors problems and reservations arising from the audits, including a review of the management letter incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary);

(iii) To keep under review the effectiveness of internal control systems;

(iv) To ensure that all significant losses have been properly investigated and that the external auditors and the Governing Body have been informed;

(v) To monitor the Council’s procedures for dealing with fraud and irregularity, including action taken;

(vi) To satisfy itself that arrangements are in place to promote economy, efficiency and effectiveness;

(vii) To monitor annually the performance and effectiveness of the external auditors, and to make recommendations to the Governing Body concerning their re-appointment;

(viii) To monitor the risk assessment and risk management processes and financial and accounting systems of the College and to make observations to the Governing Body on their effectiveness.

(i) The minutes of meetings of the Committee shall be circulated to the Governing Body;

(j) The Secretary of the Committee shall be appointed by the Governing Body from among the Fellows.
5 THE INVESTMENT AND APPLICATION OF CAPITAL MONIES

(a) The Council shall have power to authorise the purchase, sale or transfer of property, real or personal, and securities (which term includes stocks, funds and shares) of any description on behalf of the College.

(b) In relation to the management, development, improvement, sale, lease, mortgage or other disposition of any land or any estate or interest therein held by the College, or to the acquisition of any land or any estate or interest therein, the Council may exercise any power and may carry out any transaction which an individual, holding or acquiring such land, estate or interest for their own benefit, could exercise or carry out.

(c) The powers conferred by this Statute shall apply to all endowments, land, securities, property and funds of the College. They shall also apply to any specific trust for purposes connected with the College of which the College is trustee which existed on the date of the approval of these Statutes by Her Majesty in Council; and, to the extent that the law permits, they shall also apply to any such fund created after that date.

(d) In order to facilitate the management of College Funds and Trust Funds under the College’s control, the Council may at any time resolve that all or any part of the endowments or other funds of the College and of the funds of any specific trust for purposes connected with the College of which the College is a trustee (hereinafter called the constituent funds) be treated as a consolidated fund invested for the rateable benefit of the constituent funds and to and upon any such resolution the following provisions shall apply:

(i) A consolidated fund shall be held on behalf of the constituent funds in shares as nearly as may conveniently be proportionate to their respective capital values upon the first constitution of the Consolidated Fund; such shares shall be fixed by resolution of the Council. The Council may at any time increase or decrease any consolidated fund by adding thereto new constituent funds, adding to one or more existing constituent funds, or withdrawing all or any part of one or more constituent funds, and upon any such increase or decrease shall fix the share of such constituent funds in proportion to their respective value as a fraction of the value of the whole fund on the date of the addition or withdrawal or may bring all or any of the shares into a new or other consolidated fund in accordance with the provisions of this sub-section.

(ii) The Council may at any time wind up a consolidated fund and divide the investments thereof between the constituent funds in proportion to their respective shares therein.

(iii) The Council may appropriate annually for expenditure to the constituent funds of a consolidated fund as much of the fair value, as prescribed by Ordinance, of the consolidated fund as it considers in its absolute discretion is prudent having regard to the total return achieved and reasonably to be expected in the long term of the consolidated fund, appropriating it in proportion to the constituent funds at the time of the appropriation.

5 Statute 33 – The investment and application of capital monies
(iv) In the preceding section “fair value” means the amount at which an asset could be exchanged in an arm’s length transaction between informed and willing parties, other than in a forced or liquidation sale and “total return” means return in terms of both income, whether received or accrued, and capital appreciation, whether realised or unrealised.

(v) Any surplus appropriation to a Trust Fund may at the discretion of the Council be expended in any subsequent year or be invested and added to the capital of the fund or be applied for the general educational purposes of the College.

(vi) In the preceding section ‘surplus appropriation’ means monies appropriated but unexpended in any year after the purposes of the Trust Fund have been fully provided for in that year (whether wholly by distribution from the trust or partly by expenditure from the trust and partly by other monies).

6 THE INVESTMENT COMMITTEE

(a) The Council shall appoint an Investment Committee. The membership of the Investment Committee shall be the Principal or the Vice-Principal, the Bursar, two members appointed by the Governing Body from amongst the Fellows and up to three additional members appointed by the Governing Body on the nomination of the Council, who shall be persons with suitable experience of investment of at least 10 years standing. The external appointees shall be chosen to provide, as far as possible, the breadth of experience and knowledge needed to guide the College’s investment strategy.

(b) The appointed members shall serve for periods of three years with the option of appointment for a single further term of three years only.

The Committee shall be responsible for:

(i) reviewing the portfolio of investment assets of the College, including an assessment of the balance between risk and return and providing the Council with the best estimate of the level of annual distribution from the endowment which is consistent with the maintenance of the real value of the College’s assets in the long term;

(ii) monitoring the performance of the portfolio, with the College’s investment managers and agents as appropriate;

(iii) advising the Council on the investment policy of the College, paying regard to the College’s wish not to engage in investment activities which are counter to its charitable objectives in accordance with Charities’ Commission guidelines on Socially Responsible Investment;

6 Schedule 5.6 to the Ordinances – The Investment Committee
(c) The Committee shall make a report to the Council at least once a year. The report shall include a list of securities held by the College and state its current investment strategy. This report shall be submitted by the Council to the Governing Body.

(d) The quorum for the Committee shall be two thirds of its membership, to include the Bursar and two other members of the Governing Body. Any decision by the Investment Committee shall be by majority, with at least three members in favour, one of whom must be a member appointed by the Governing Body.

(e) The Council, on the advice of the Investment Committee, may appoint a firm of stockbrokers or investment bankers as agents of the College for the purpose of varying or adding to the investments of the College. The firm appointed may be given discretionary powers to act within the scope of general instructions given by the Investments Committee and representatives of the firm shall attend meetings of the Committee at least twice a year.

(f) The Bursar shall be authorised to give the necessary instructions to the agents of the College to implement its Investment Strategy.

7 THE POWER TO ACCEPT ENDOWMENTS

The Governing Body shall have power to accept endowments for any purposes in furtherance of the interests of the College as a place of education, religion, learning and research and to make regulations by Ordinance giving effect to wishes or suggestions of donors recorded in writing (whether so expressed as to create a trust or not) regarding the application of such endowments and regarding any place, activity or emolument to be supported thereby, even though the regulations may be inconsistent with the provisions of these Statutes; provided always that no such regulation shall derogate from any obligation imposed on the College by the Statutes of the University.

8 CONTRIBUTION TO THE UNIVERSITY

There shall be paid in each year by the College to the University such sum as is by the Statutes of the University authorised to be levied from the College; provided that so much of the sum so to be paid as shall be levied in respect of any Trust or other separate Fund shall be paid from the appropriation to such Trust or Fund unless the Council shall in any case determine otherwise.

7 Statute 34 – The power to accept endowments

8 Statute 35 – Contribution to the University
(a) The Governing Body shall appoint a Bursar. The Bursar shall be elected to a Fellowship.

(b) The Bursar shall be responsible for the management, under the direction of the Council, of the assets, income and expenditure of the College. The Bursar shall ensure the collection of all rents and monies due to the College, the payment of such amounts as may be due from the College and the proper keeping of accounts of all receipts and payments.

(c) The Bursar shall carry out such additional tasks or duties as the Governing Body or Council may determine.

In addition to the responsibilities defined by Statute the Bursar shall, under the direction of Council, also:

(a) superintend the buildings and grounds of the College, and provide for their staffing and repair;

(b) superintend the Catering and Conference activities of the College, and provide for their staffing and equipping;

(c) ensure proper licensing of the College under the Licensing Act 2003, in particular the designation of a premises supervisor holding a personal licence for the supply of alcohol.

9 Statute 23 – The Bursar

10 Ordinance 15 – The Bursar