



HOMERTON COLLEGE
UNIVERSITY OF CAMBRIDGE

Financial Procedures

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INTRODUCTION

The Financial Procedures provide detailed instructions for the implementation of the Financial Regulations laid down in the Statutes and Ordinances of the College which are also compliant with:

- The Charities Act 2011
- University Statutes and Ordinances
- Finance Acts and other statutory requirements.
- The Recommended Cambridge Colleges Accounts (RCCA)
- United Kingdom Generally Accepted Accounting Practice (UK GAAP)

All members of staff have responsibility, so far as is compatible with their post and seniority, for avoiding losses, for ensuring best value for money in expending College funds, and for exercising economy and efficiency in the use of College resources.

The following Financial Procedures detail the processes by which various financial functions of the College should be carried out. Reference should also be made to the Financial Regulations for the College's financial Statutes and Ordinances where appropriate.

I Financial Regulation of the College

- (a) The Council shall, through the Financial Regulations, exercise control by requiring the preparation and submission of annual estimates, by the authorisation of budgets, and by defining and approving essential features of financial procedures and systems.
- (b) The Bursar shall be responsible to the Council for the management of all matters relating to the finances of the College. Through the issue of amendments to the Procedures as necessary, and by such other means as may be appropriate, the Bursar shall be responsible for ensuring that all budget holders and other staff as appropriate are kept up-to-date and made aware of their obligations.

2 Finance and Accounting

2.1 General

- (a) The Bursar will advise the Council on the financial, budgetary, cash flow, accounting and control policies, risk management and procedures of the College. The Bursar is responsible to the Council for the monitoring of delegated budgets to ensure that financial control is maintained.
- (b) The Bursar is the Accounting Officer of Homerton College. The operation of the financial procedures and accounts are delegated to the College Accountant.
- (c) The College Accountant will advise on the systems and procedures for properly checking, coding and authorisation of invoices by Budget Holders. The College Accountant will supply regular budgetary reports to the Council and Budget Holders and meet the Budget Holders as required to scrutinise and advise on Value For Money (VFM). The Bursar shall be authorised to take any necessary steps to safeguard the College's interest in bankruptcies and company liquidations.
- (d) Other financial responsibilities (e.g., scrutiny, investment appraisal, contract and VFM analysis) will normally be delegated by the Bursar to the College Accountant. The College Accountant will be responsible and accountable to the Bursar for the exercise of those delegated financial responsibilities and accountable to the Bursar for administration of the approved expenditure budget and collection of income.

2.2 Banking and Investment

- (a) The College bankers may be changed only with the approval of the Council.
- (b) Bank accounts and investment deposits shall be managed by the Bursar and College Accountant.
- (c) Cheque signatories and online electronic authorisation of transactions on College accounts shall normally be the Bursar, the Principal, the Senior Tutor or the College Accountant save where the Council decides otherwise.
- (d) Where a single sum in excess of £5,000 is involved two such signatories shall be required. All collective sums in excess of £10,000 will also require dual authorisation.
- (e) Only the Bursar, with prior Council approval, is authorised to open bank accounts in the name of the College. No account, howsoever funded, may be opened in the name of the College, or any part of the College, other than by the Bursar or the College Accountant acting on the delegated authority of the Bursar.

2.3 Security of Cash and other Negotiable Assets

- (a) The College Accountant shall prescribe such forms/stationery as are appropriate for collection, recording and reconciliation of cash before it is banked.
- (b) Cash, cheques and other negotiable bonds shall be promptly transferred to the Finance Office, in a requisite form.
- (c) Any loss of cash, cheques, etc, including loss of safe/cashbox keys shall be reported promptly to the College Accountant and, where appropriate, to the Bursar. The Bursar/College Accountant will investigate any such loss and the Bursar will advise the Council/Audit Committee if further action is necessary.
- (d) College money shall in no circumstances be used for encashment of private cheques. All cash/cheques received from debtors and others should be documented properly and passed to the College Accountant for banking promptly. Any loss or shortfall shall be notified to the College Accountant immediately and variances investigated, however occasioned. Unless they are resolved, the College Accountant shall report the outcome to the Bursar who will inform the Council (and Audit Committee, if appropriate).

- (e) The College Accountant shall be authorised to make advances of petty cash upon production of a receipted document properly authorised. Such claims shall not normally exceed £100 in total. Spending departments are required to use authorised College suppliers' accounts, keeping petty cash claims to a minimum.

2.4 Security and Control of Capital and other Assets

- (a) Whilst each member of staff has a responsibility for the security of the property of the College, it is the responsibility of Heads of Department (HoDs), in conjunction with the College Accountant and Bursar, to apply routine security measures to safeguard College property, including spot checks by the College Accountant.
- (b) Any member of staff discovering or suspecting a loss of any kind shall inform their HoD who shall immediately inform the Bursar and College Accountant. The Bursar/College Accountant will be responsible for investigating any such loss. Where a criminal offence is suspected, the Bursar shall immediately take appropriate action in consultation with the Principal (informing the Audit Committee, as appropriate).
- (c) All supplies should be pre-requisitioned on official order forms by authorised signatories. At least two competitive quotes are required for individual orders over £2,000 (£5,000 for Building Services contracts). These should be submitted to the College Accountant for VFM scrutiny. All orders in excess of £5,000 should be countersigned by the Line Manager or College Accountant. Capital items will be scrutinised and ordered by the College Accountant centrally.
- (d) Where an item is temporarily or permanently removed to another location the departmental inventory/asset register shall be noted accordingly. Any loan of equipment should be appropriately recorded by the Department concerned and due control exercised on its use for College business.
- (e) With the consent of the HoD a member of staff may temporarily remove small equipment from the College premises for a specific purpose related to their work, provided that it shall be the responsibility of the member of staff to ensure that the equipment is at all times properly safeguarded, insured and loan or hire is duly recorded. The HoD will keep a log of such loans and report regularly to the College Accountant for any loss of items not returned for further action.
- (f) No assets shall be sold or part-exchanged without the prior agreement of the College Accountant to the proposed terms. Where items are to be scrapped or otherwise written off, the HoD shall notify the College Accountant in writing and note the departmental inventory/asset register accordingly. In these circumstances the HoD shall be responsible for satisfying the College Accountant and the auditors that the item written off had no redeemable value to the College. To avoid any misunderstanding in the case of any item sold for less than the market value or scrapped, a written authority is required from the Bursar or College Accountant and a request is to be made to remove the item from the Asset Register or Inventory Control.
- (g) The items of the inventory shall be checked at least annually by the HoD or their authorised representative and any discrepancy notified immediately to the College Accountant in writing. The College Accountant may spot check items at regular intervals.

3 Budgets

3.1 General

The Bursar will propose a draft expenditure budget covering:

- Academic staff
- Support staff
- Overhead/Non Pay items including Management Fee, Depreciation, etc
- Contingency

The Bursar will assess the demand data and propose an Academic establishment based on student numbers and other developments identified by the Council. The support staff budget will be scrutinised based on need and year-on-year requirements to deliver the services, in consultation with the College Accountant, Personnel Office and the Assistant Bursar. The Bursar will scrutinise the integrated expenditure budget, applying or initiating value for money [VFM] techniques, to evaluate proposals and ensure cost effectiveness. The Bursar will then recommend the Budget to the Council. Once approved by Council responsibility for budget lines will be delegated to the appropriate Head of Department [HoD]/Budget Holder.

3.2 Estimates, Budgets, and Budgetary Monitoring and Control

- (a) The Bursar shall be responsible for ensuring that financial control is maintained and that the College's plans and policies are implemented.
- (b) Expenditure for which no provision has been made in an approved budget shall only be incurred after authorisation by the Bursar, who will seek the approval of the Council as necessary.
- (c) The Bursar shall keep the Council informed of changes in external policy, pay awards and other events and medium/long term forecasts and shall advise on the financial and economic aspects of future plans and projects.
- (d) The annual timetable of budgetary preparation and presentation of accounts shall normally be as follows:
 - (i) Budget planning assumptions approved by Council by February.
 - (ii) Budget approved by Council by May for financial year commencing 1 July following.
 - (iii) Interim review of performance against budgeted income/expenditure provision quarterly.
 - (iv) Audited accounts (consolidated) for the year ended 30 June to the Council in October/November for submission to the Governing Body for approval and report to the Charity Commission and University of Cambridge.

3.3 Expenditure Budget Detailed Preparation

Early in the Lent term, Budget Holders will submit to their Line Manager a budget for all non-pay items and staffing requirements for which they are responsible. These will be scrutinised by Line Managers and the College Accountant before being incorporated into the preliminary draft budget.

3.3.1 Non Pay Budget

The College Accountant will further scrutinise and consolidate Non Pay Budget bids received from departments before incorporation into the Draft Budget for review by the Bursar.

3.3.2 Staffing budget

The support staff budget will be scrutinised based on need and year-on-year requirements to deliver the College services, in consultation with the Personnel Office, College Accountant and the Assistant Bursar. Once approved by Council, responsibility for budget lines will be

delegated to the appropriate HoD/Budget Holder. Where the Budget Holder proposes expenditure against contingency the College Accountant will notify the Bursar for evaluation against contingency provision.

3.4 Capital Expenditure

3.4.1 *Small equipment/furniture budgets (items costing below £5,000) and other Capital items costing below £5,000*

Budget Holders will be invited to submit bids for small equipment/furniture items in February/March of each year. The College Accountant will scrutinise small equipment/furniture items as part of the revenue budget before presenting it as part of the budget approval process to the Bursar.

3.4.2 *Capital bids over £5,000*

Budget Holders will be invited by the College Accountant to submit bids for capital items over £5,000 in February/March of each year. The College Accountant will scrutinise the requirement with the appropriate HoD and their line manager and/or services departments to establish the requirement/compatibility and any other constraints before consolidating the Capital Bid. The Bid will then be passed to the Bursar for further scrutiny before it is submitted to Council for recommendation of approval. Once approved, the College Accountant with the HoD of the appropriate spending department will conduct VFM before orders are centrally placed by the College Accountant. The Asset Register is to be appropriately updated. Any item to be scrapped or sold will be scrutinised by the College Accountant with the Bursar and the Asset Register will be updated accordingly.

3.4.3 *Unprovisioned expenditure*

Expenditure for which no provision has been made in an approved budget shall only be incurred after written authorisation by the Bursar who will seek the approval of the Council as necessary.

4 Staffing

4.1 Academic Staff

- (a) Directors of Studies [DoS] and Tutors are appointed by the Senior Tutor and approved by Council for a fixed term. The Principal sends a letter of appointment and the Bursary issues a fixed term appointment contract. DoS and Tutors are paid on a monthly payroll, generally for the Academic Year (September to August).
- (b) Supervisors are appointed by the DoS on delegated authority from the Senior Tutor. DoS are expected to ensure that students receive appropriate supervisors and to ensure that reports are appropriately completed by supervisors in the prescribed form (CamCORS). Where a student fails to attend a supervision, the DoS is notified and appropriate action is taken by the DoS/Senior Tutor. The DoS then recommends payment for supervision which is made on a termly basis. Supervisors' rates of pay are recommended by the Cambridge Bursars' Committee.
- (c) Visiting lecturers or external teaching staff who are engaged to deliver supervisions, one-off lectures or seminars shall complete the appropriate form for signature by their appropriate Budget Holder and the Senior Tutor before being passed to the College Accountant for payment.

4.2 Support Staff

- (a) Where there is budgetary provision for a staffing request the Personnel Officer will consider the request in consultation with the Bursar in respect of administrative and support staff.
- (b) All proposals to appoint additional staff will be made through the Personnel Officer who will consult with the Bursar who will require confirmation of the business case before the appointment is made that financial cover is available within the approved budget and that such financial cover will be available for the future.
- (c) The Bursar will be responsible for advising the Personnel Officer on staff changes and the Personnel Officer will pass the necessary authorisation to the College Accountant for budgetary purposes.

4.3 Payment of Staff

- (a) No member of staff may engage or hire permanent staff without reference to and permission from the Bursar. No member of staff may engage temporary staff without authority from the Personnel Officer (delegated powers for hiring temporary staff will be defined and will be within approved budgets).
- (b) Each member of staff shall be issued with a contract of employment which shall comply with current employment legislation and be in a form approved by the Council.
- (c) Immediately upon the effective date of any change in the nature of employment or relevant personal circumstances of an employee being known, notification shall be sent to the Personnel Officer.
- (d) All timesheets, pay sheets and other pay records and notifications shall be in a form approved by the Personnel Officer and the College Accountant.
- (e) The College Accountant shall be responsible to the Bursar for ensuring that:
 - (i) individuals being paid have been appointed according to the agreed procedure;
 - (ii) payroll data is prepared in time for the prompt payment of salaries at the due date;
 - (iii) such records are maintained as necessary in support of superannuation, income tax and other deductions from pay, and for inspection by such authorities as may have the right of access to the information;
 - (iv) payroll information is treated as strictly confidential;

- (v) checks are applied to the completed payroll every month.
- (f) The College Accountant shall pay salaries by the due dates but may vary the payment date when necessary due to special circumstances (e.g. Christmas and other bank holidays). Payment to an individual shall not be made in advance of the normal paying day, except as authorised by the Personnel Officer and College Accountant in exceptional circumstances advised, as necessary, by the Bursar. All advances/loans requisitions will be authorised by the Bursar before payment is made to the individual.
- (g) Any ex gratia payments shall be approved by the Council through the appropriate Remuneration Committee, for sums exceeding £500. The Principal and the Bursar shall be responsible for the authorisation of ex gratia payments under £500.

5 Contracting, Ordering and Payment of Accounts

5.1 General

- (a) All contracts and orders shall be within the agreed budget.
- (b) In securing best value for money bulk purchases shall be considered and discount facilities sought wherever possible. Material, consortium and other suppliers will be tested by the College Accountant periodically, to arrive at the best prices. Items of expenditure exceeding £5,000 shall require at least three competitive quotations in writing. The College Accountant shall countersign such orders and note cash flow implications.

5.2 Tenders and quotations

- (a) At least three competitive quotations shall be obtained in all cases where the value of the order is expected to exceed £5,000 (incl VAT) except where the Bursar decides that a formal tendering procedure is impracticable or inappropriate, in which case the circumstances shall be documented.
- (b) Items estimated to be below the limit set in 2.4 (c) above, for which formal tendering procedures are not used and which subsequently prove to be above such limits, shall be reported to the Bursar.
- (c) At least two quotations are required to be submitted to the College Accountant for minor works, who will countersign official orders to the company, having conducted VFM. VFM documentation shall be copied to the College Accountant.
- (d) Lists of recommended firms from whom tenders and quotations may be sought shall be maintained and kept under constant review by the appropriate HoD and their line manager. The list will be regularly reviewed by the College Accountant.
- (e) Any firm which fails to provide a tender or quotation when invited, on three consecutive occasions, may be removed from the approved list.

5.3 Ordering Process

- (a) No goods, services or works other than works and services executed in accordance with contract items of a recurring nature (e.g. gas, electricity, telephone and purchases from petty cash) shall be ordered except on an official College order form and contractors shall be notified that they should not normally accept orders unless on an official order form. Local procedures are in place for the Catering Department.
- (b) Official orders shall be consecutively numbered, and shall include such information as prices and cost codes as may be required by the College Accountant.
- (c) Order/requisition forms shall only be issued to and signed by HoDs and other Budget Holders specifically authorised by the Bursar or College Accountant.
- (d) A duplicate copy of every order over £5,000, properly costed to lodge total commitment, shall be countersigned by the College Accountant at the time of issue. The College Accountant will retain one copy including copies of VFM documentation.
- (e) No order shall be issued for any item or items for which there is no budget provision, unless specifically authorised by the Bursar or, in their absence, the College Accountant.

5.4 Receipt of goods and certification of invoices for payment

- (a) Only authorised members of staff (HoDs or their appointed deputies or relevant Budget Holders) shall order goods and provide certification for payment.

- (b) The authorised member of staff will check that the goods have been duly received and examined, are in accordance with specification and order, are satisfactory and that the prices are correct;
- (c) The authorised member of staff will check that work done or services rendered have been satisfactorily carried out in accordance with the order; that where applicable the materials used are of the required standard and that the charges are correct;
- (d) The authorised member of staff will check that, in the case of contracts based on the measurement of time, materials or expenses, the time charges are in accordance with the appropriate rates, that the materials have been checked for quantity, quality and price and that the charges for the use of vehicles, plant and machinery are correct;
- (e) The authorised member of staff will check that where appropriate, the expenditure is in accordance with regulations and that all necessary authority has been obtained, that the account is arithmetically correct; and that the account is in order for payment.
- (f) Where a member of staff certifying an account relies upon colleagues to do preliminary checking they shall ensure that those who check delivery or execution of work act independently of those who placed the order and negotiate prices and terms.

5.5 Payment Process

- (a) Suppliers' accounts shall be passed promptly to the College Accountant after performing all necessary checks. Queries shall be referred direct to the supplier concerned before passing invoices for payment and the College Accountant shall be kept informed of any disputes.
- (b) On all invoices certified for payment the authorised signatory shall mark the cost centre and cost code to be charged, e.g. materials, services, and the total cost of the order (inclusive of VAT).
- (c) The College Accountant shall be responsible for payment to suppliers and settlement of claims.
- (d) The College Accountant shall maintain a system for verification, recording and payment of all accounts by the College.
- (e) The College Accountant shall normally make fortnightly payment of all suppliers' accounts, except where payment with order is required by the supplier or the supplier's account is subject to settlement discount.

6 Stores/Stock Control

- (a) Subject to the overall responsibility of the College Accountant for accounting and security, the operational control of stores shall be the responsibility of the appropriate HoD.
- (b) The responsibility for security arrangements and custody of keys for all locations shall be registered with the Head Porter. Wherever practical, stocks shall be marked as College property.
- (c) All stores/stock records shall be in the form required by the College Accountant.
- (d) All goods received shall be checked for quantity and/or weight and inspected for quality and adherence to specification. A delivery note/second copy of the order form (as appropriate) shall be signed by the member of staff receiving the goods. Goods received shall be checked against the original order for quantity, price, etc. Any shortages, price variance or poor condition of goods shall be reported promptly to the supplier by the appropriate HoD and a note sent to the College Accountant. The third copy of the official order should be appropriately marked. When the discrepancy has been resolved a record of this shall be made on the third copy of the order and the College Accountant informed. The College Accountant and or his staff may conduct spot checks to ensure adherence to the procedures.
- (e) All issues from stores shall be supported by an authorised requisition note. Stock control should be monitored by the appropriate HoD.
- (f) All transfers of stocks and returns shall be properly recorded and a copy sent to the College Accountant.
- (g) Breakages and other losses of goods in stores shall be recorded as they occur and a summary presented to the College Accountant at least once a quarter.
- (h) Stock-taking arrangements shall be agreed with the College Accountant and there shall be a physical check covering all items at least twice a year, including one check at the end of the Financial Year and preferably one in January to complement the Budget-setting exercise. The physical check shall involve at least one member of staff other than the person counting the stock, and the HoD or a member of the Finance Office staff shall be invited to attend. The stock-taking records shall be numerically controlled and signed by the member of staff undertaking the check and the Budget Holder. Summarised information shall be passed to the Budget Holder to be checked for arithmetical accuracy. Any surplus/deficiency or possible write-offs revealed on stocktaking shall be reported to the College Accountant, together with the physical stock returns, duly costed.
- (i) Where it has been agreed with the College Accountant that a complete system of stores control is not considered appropriate alternative arrangements shall be put in place which will preferably provide for more frequent physical checks. Such arrangements shall be agreed with the College Accountant in advance.

7 Income

- (a) All income in whatever form should be properly recorded and accounted for to the College Accountant in the required method. The College Accountant will issue invoices as required and keep a central Debtors Ledger. Other members of staff are not authorised to issue invoices or receive cash unless specifically authorised by the College Accountant.
- (b) The College Accountant shall be responsible for maintaining systems for the proper recording, collection and banking of all monies due, which shall incorporate the principles of internal checking and separation of duties.
- (c) Members of staff shall inform the College Accountant of monies due to the College arising from transactions which they initiate involving contracts, consultancies, leases, licenses, tenancy agreements and other transactions. Responsibility for reviewing rental and other charges shall rest with the Bursar who may take into account independent professional advice on matters of valuation. The College Accountant shall be consulted about pricing of goods and services offered for sale. Authority for approving the terms upon which goods or services are sold shall be vested in the Bursar and College Accountant.
- (d) The Bursar and/or College Accountant shall take appropriate recovery action on all outstanding debts and be authorised to write off any debts which are irrecoverable, subject to a report to Council for material amounts.

8 Insurances

- a) Through College risk assessments a schedule of identifiable risks that should be insured will be highlighted. If they are not currently insured, the College Accountant will liaise with the College Insurers to obtain necessary insurance cover.
- b) The College Accountant shall ensure that all necessary insurances are maintained, on a cost effective basis.
- c) All members of staff shall notify the College Accountant immediately:
 - (i) of any circumstances or alterations which might affect the College's existing insurances or require additional cover to be arranged;
 - (ii) of any loss, damage or occurrence which might give rise to a claim by or against the College, with a copy of the claim sent to the college Insurance Brokers.
- (d) Settlement of premiums and submission of claims shall normally be handled by the College Accountant.
- (e) If an accident on College premises or elsewhere is attributed to negligence on the part of the College, or anyone acting legitimately on behalf of the College, then the College might be held vicariously liable and could be sued. The College shall reserve the right to retrieve any consequential cost incurred from the member of staff or student concerned.
- (f) College insurances do not extend to cover against loss of, or damage to, personal belongings brought to College premises by members of staff or students.

9 Fraud

For the purposes of these Financial Procedures, fraud is defined as the use of deception or intentional misrepresentation to obtain an unjust or illegal financial advantage or deprive the College of any value or property.

The College observes an agreed Fraud Response Protocol (see Appendix 2) which shall be used to define authority levels, responsibilities for action, and reporting lines in the event of suspected fraud or irregularity. The Protocol complements the process of internal audit.

10 Gifts and Hospitality by way of inducement or reward

Staff are prohibited from soliciting or receiving any gift, hospitality or consideration of any kind from contractors or their agencies or from any organisation, firm or individual as an inducement or reward. Breach of these provisions renders staff liable not only to dismissal but also potentially to prosecution under the [Fraud Act 2006](#) (Appendix 1 Fraud response Protocol) or [Bribery Act 2010](#) (Appendix 2 College Anti-bribery policy). Any member of staff receiving or being offered any form of inducement or reward must report the matter to the Bursar. It is good practice to let suppliers know that it is College policy not to receive gifts.

11 Data Protection

All transactions and records shall comply with the College's Data Protection Statement (Staff Handbook). The Personnel Officer is the College Data Protection Officer.

List of Appendices

- 1 Fraud response Protocol
- 2 Anti-bribery policy