Finance Regulations

The Financial Regulations are the overarching rules including external regulations which all staff must follow. They should be read in conjunction with the Metanoia's policies and procedures.

1. **Purpose**

The purpose of the regulations is to:

a. Provide sound arrangements for internal financial management, accounting and control.
b. Promote best value for money
c. Fulfil the organisations legal and financial obligations including the requirements of Companies House and the Charity Commission.

2. Policies and Procedures

These Regulations should be read in conjunction with Metanoia's Financial Policies and Procedures. The Policies set down the principles that must be followed and the procedures set down the way in which policies should be applied.

3. Review and Maintenance

The Director of Finance will review these Regulations continuously and they will be updated annually. Any changes will be communicated to the Board of Trustees and relevant staff members.

4. Metanoias Trustees and Officers Financial Responsibilities

4.1 Board of Trustees

- Safeguarding the assets of the charity
- Preventing fraud
- Avoiding mistakes
- Keeping financial records in accordance with the governing document and relevant legislation (e.g. Charities Acts, Companies Acts etc).
- Preparing Annual Accounts in accordance with relevant legislation.

A copy of this policy and procedures will be given to all Board of Trustees on their appointment to the Board, and to all relevant staff and volunteers. The policy and procedures will be reviewed annually by the Board of Trustees and revised as necessary.

4.2 Chief Operating Officer

The Chief Operating Officer has responsibility for the development of Metanoia's strategy, medium term financial business planning, the responsibility for the financial and investment plans and approving new staff appointments in-line with the organisation's procedures.

4.3 Director of Finance

Day-to-day financial matters are the responsibility of the Director of Finance, who is responsible to the Chief Operating Officer for:

• preparing annual capital and revenue budgets and financial plans

• preparing accounts and management information for the monitoring and control of expenditure against budgets and all financial operations.
• preparing the annual accounts and other financial statements and other financial information as required.
• the management of the Institutes financial position at both strategic and operational level.
• ensuring that monthly payroll is processed accurately and timely.
• ensuring that suppliers are processed, authorised and paid on a timely basis by the Finance team.
• ensuring has satisfactory systems of financial control and administration.
• providing professional advice on all matters relating to financial policies and procedures.
• liaison with external auditors, bankers and other financial advisers.

4.4 Budget Holders

Budget holders are responsible for financial control and management in their areas of responsibility. They are advised by the Director of Finance in executing their financial duties and must ensure the proper use of funds in accordance with these finance regulations, the organisations finance policy and procedures and any procedural notes issued to Budget Holders.

4.5 All members of staff

All staff are responsible for the security of Institute property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Institute's financial procedures.

5. Conduct

The Code of Business and Ethics (the "Code") sets out legal and ethical standards of conduct for everyone at the Metanoia Institute. The code is intended to deter wrongdoing and to promote conduct of all Metanoia Institute business in accordance with the high standards of integrity and in compliance with applicable laws and regulations. Whilst this Code provides guidance in certain areas where ethical issues may arise and provides a general framework for measuring business conduct, it does not address every possible situation. The institution is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, this Code applies to the whole of Metanoia Institute.

If you have any queries regarding this Code you should speak to the HR Department.

5.1 Receiving Gifts or Hospitality

All staff must avoid accepting offers of gifts of hospitality in the following circumstances where;

a. accepting the offer could be perceived as seeking to influence the proper conduct of their duties,

b. accepting the offer could be taken to influence future decisions in the Institute, for example, the outcome of a procurement process,

c. the acceptance of even modest gifts could damage the reputation of the Institute,

d. the gift of hospitality is significantly greater than the Institute would provide in return,

e. where lavish offers of gifts or hospitality could be taken to be bribery.

All staff will declare all gifts and hospitality offered during any procurement process or received above the minimum threshold of £75.00.

Staff must decline gifts or hospitality in all cases of doubt.

5.2 Bribery and Corruption

All staff must ensure that they do not breach the UK Bribery Act 2010 by ensuring that they avoid the Act's four offences;

a. Bribing another person;

b. Being bribed;

c. Bribing a foreign public official; and

d. Failure to prevent Bribery.

Disciplinary action will be taken by the Institute against staff who commit any off these offences.

A deliberate failure to report suspicions of corruption or to conceal bribes by others will also be subject to disciplinary action.

Similar action will also be taken against other parties performing services for the Institute should they commit any off the offences, which includes the termination of the Institutes relationship with them.

The Institute encourages all staff to report corruption concerns immediately and will support staff that do so. All reports will be handled sensitively.

5.3 Whistleblowing

Metanoia Institute requires you to comply with all laws, rules and regulations applicable to the Institute wherever it does business. You are expected to use good judgement and common sense in seeking to comply with all other applicable laws, rules and regulations and to ask for advice if you are uncertain about them.

If staff suspect malpractice in the workplace, they should report their concerns to their line manager except where this is considered inappropriate by the person concerned referring to the Whistleblowing Policy which can be found in the Staff Handbook.

5.4 Money Laundering

All staff must always comply with The Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 and all other regulations on, or related to, money laundering and related offences.

5.5 Conflict of Interest

All staff must formally declare any potential conflicts of interest to their line manager when undertaking Metanoia Institutes business. All declarations must;

a) be in writing

b) comply with the requirements stipulated in the Institutes policy on conflicts of interest which can be found in the Staff Handbook.

c) record and handle any identified potential conflicts of interest, for example, during procurement stages.

“Interest” includes financial involvement of spouses, partners, children, parents or immediate family.

5.6 Register of Interests

The Company Secretary will be responsible for maintaining a Register of Interests.

Trustees must submit written annual declarations of interest to the Company Secretary.

Any identified potential conflicts of interest during procurement stages must be handled and recorded in line with the conflict of interest’s policy.

5.7 Fraud and Irregularity

All staff, students, or Trustees who suspect fraud or irregularity must report their concern to the Director of Finance. The Director of Finance will inform the Chief Executive Officer immediately.

Fraud allegations relating to the Director of Finance must be reported to the Chief Executive Officer.

All fraud investigations will be conducted in accordance with the Institutes Disciplinary Procedure.

5.8 Data Protection

All staff are responsible for ensuring that data is handled in compliance with;

a. General Data Protection Regulations 2018 (GDPR).

b. The institutes policy on storage and protection of information

The GDPR act sets out what you can and cannot do with all personal date that the Institute holds. Refer to the Institutes GDPR Policy.

5.9 Sensitive Information, Personal Data, Storage and Transmission

All staff must ensure that all medium and high-risk sensitive data or sensitive business information is encrypted if it leaves the Institutes environment. Failure to comply with this could expose the Institute, its staff or students to risks including fraud, identity theft and distress, or damage to the Institutes reputation. Refer to the Institutes GDPR Policy.

<u>6. Staff Responsibilities</u>

6.1 Compliance

Staff must comply with:

a. the Financial Regulations

b. the organisations policies and procedures

c. the organisations authorisation limits and must not

- Authorise any financial or procurement activity outside of their authorisation limits
- Deliberately split orders for goods and services to remain in the limits they are given

6.2 Risk

All staff are responsible for assessing and managing risk and must;

a. ensure risk is managed at an acceptable level for all Institute activities undertaken.

b. only accepts risks within their limit of authority and not breach any Institute policy or procedure.

c. seek advice on procurement risks prior to engaging with suppliers or bidders.

6.3 Value for Money

All staff are responsible for ensuring the Institute obtains value for money. Staff must ensure that they use:

a. the Institutes resources and assets in a prudent way to meet agreed Institute objectives.

b. resources received or allocated for the purpose for which they are intended.

7. Financial Control

Various ways of exercising financial control; through risk management, segregation of duties, authorisation limits, system controls, budgets, forecasting and audit are in place within the organisation.

7.1 Risk Management

Metanoia Institute acknowledges the risks inherent in its business and is committed to managing those risks that pose a significant threat to the achievement of its business objective and financial health.

The Board of Trustees through the Audit and Risk Sub Committee (ARSC) has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk. A risk management policy is in place and requires an annual review.

Metanoia has developed a risk register to identify key risks. Responsibility for monitoring each risk has been assigned to Faculty Heads. The Chief Operating Officer has day to day responsibility for the risk management of the organisation.

7.2 Segregation of Duties

Segregation of duties is an internal control designed to prevent error and fraud by ensuring that more than one person is required to complete a task. It serves as a deterrent to fraud concealment of error.

Where appropriate and reasonable the trustees will ensure separation of those responsibilities or duties which, if combined, would enable one person to record and process a complete transaction.

7.3 Authorisation Limits

All cheques and other instruments authorising withdrawal from Institute bank accounts must bear the signatures of one of the following authorised signatories:

- CEO.
- Director of Finance.
- Other authorised signatory as agreed by the Institute.

Any payments over £5,000 require the two signatures of the CEO and Director of Finance.

This provision applies to all accounts, public or private, operated by or on behalf of the of the Institute. Authorised signatories shall not sign a cheque relating to goods or services for which they have also authorised the expenditure.

7.4 System Controls

The finance system is password protected and only those that require access for their day to day duties are given access.

7.5. Budgets

A budget is an estimate of income and expenditure over a period. Monitoring and reporting actual income and expenditure against estimates helps Metanoia Institute manage and control its business.

An annual budget will be produced to an agreed timetable set by the CEO and Director of Finance.

The budgetary planning process will incorporate:

- First round planning meetings with Faculty Heads and other budget holders
- First draft income and expenditure based on information obtained from the first-round meetings
- Second round planning meetings with Faculty Heads and other budget holders to discuss first draft income and expenditure and possible changes required
- Other meetings if required
- Approval

The budget must be approved by the Executive Committee, CEO, FARSC and the Trustees.

A detailed list of the budget procedure can be found in the Finance Procedures.

7.6 Forecasting

In addition to budget control, Metanoia forecasts its expected results. This helps to keep track of any issues that could arise. Identifying difficulties which may arise in future months allows for corrective action to be put in place at an early stage to mitigate their impact.

7.7 External Audit

The primary role of an external audit is to report on the Institutes financial statements and to carry out such examination of the statements and underlying records and control systems as necessary to reach their opinion on the statements.

The appointment of the external auditors will take place annually.

The external audit is carried out annual in accordance with Companies House and the Charity Commissions requirements.

External auditors will have authority to;

- Access all assets, records, documentation and correspondences relating to any financial and other transactions of the Institute
- Require and receive such explanations as necessary concerning any matter under examination

8. Payroll and Pensions

8.1 Staff Records and Contracts

A contract must be set up by the Human Resources Department before any work is performed.

Managers must ensure that the Human Resources Department is provided promptly with all information required in connection with the appointment, resignation and dismissal of employees.

The Human Resource Manager is responsible for:

a. ensuring all contracts of employment are in accordance with the Institutes approved Human Resource practices and procedures.

b. the maintenance of staff records and determining the contractual arrangements relating to payments of salaries and other emoluments.

c. issuing all contracts of employment.

8.2 Budget Holders

Budget Holders are responsible for ensuring that information required to process payroll is sent through to the Finance Department by required dates for staff to be paid on time.

8.3 Staff Payment

The Director of Finance is responsible for ensuring:

a. that people are paid through the external payroll provider

b. that tax is deducted, except where satisfied that a contract of employment does not exist, and

c. the maintenance of related records, including those of a statutory nature.

8.4 Pensions

The eligibility of staff for membership of the pension scheme will be detailed in individual contracts of employment.

The Director of Finance is responsible for administering most pension matters.

8.5 Benefits in Kind

The Director of Finance is responsible for ensuring that the Institute correctly operates the rules concerning the taxation of benefits in kind provided to members of staff in order to protect the individual members of staff and the Institute from additional income tax and National Insurance costs.

9 Land, Building and Equipment.

9.1 Safeguarding Assets

Assets owned or leased by the organisation, where practical, will be effectively marked to identify them as the Institutes property. An asset registers is maintained which includes:

a. A description of the equipment

b. The price paid or estimated value

c. The location in which it is stored or used

d. The date of purchase/lease

9.2 Recording of Fixed Assets

All items purchased with a value exceeding £2,000 must be entered in the asset register.

9.3 Personal Use of Assets

Assets owned or leased by the Institute shall not be used for personal use without proper authorisation.

9.4 Disposal of Assets

Disposal of land and buildings must only take place with the authorisation of the Board of Trustees.

The Director of Finance needs to be notified of any proposals to dispose of other fixed assets.

10. Investment and Borrowing

10.1 Treasury Management

The Institutes Treasury Management Policy is determined by the Board of Trustees on the advice of the Finance Sub Committee (FSC) and Audit Risk Sub Committee (ARSC)

The day to day operations in relation to treasury management are delegated to the Finance Department or CEO who reports to the FSC and ARSC

10.2 Loans

The Institutes borrowing strategy, limits and associated risk management shall be decided by the Board of Trustees on the recommendation of the Finance Sub Committee.

10.3 Hire Purchases and Leases

Finance are required to keep a register of financial commitments arising from long-term leases, or hire, of all equipment.

11. Insurance

11.1 Insurance Cover and Claims

The Director of Finance and Chief Executive Officer arranges insurance cover.

11.2 Valuations

The Finance Department is responsible for keeping up to date records of the insurance valuation of buildings and equipment which may be subject to inspection by an insurance company.

11.3 Use of Own Vehicle

All staff using their own vehicle on behalf of the Institutes business must maintain appropriate insurance cover for business use.

11.4 Notification of risks and claims

All staff must;

a. Inform the Finance department of any potential new risks or activity, and additional equipment being purchased that may require insurance and of any alterations affecting existing risks.

b. Advise the Finance Department of any event that may give rise to an insurance claim. The will notify the insurers and if appropriate, prepare the claim.