

# ***Financial Regulations***





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## A. Introduction

### General Principles

In line with the guidance published by HM Treasury, March 2022, Collective Acting Studio (“Studio”) recognises that in the management of public funds it must uphold the demanding standards expected in public service of “honesty, impartiality, openness, accountability, accuracy, fairness, integrity, transparency, objectivity and reliability - carried out in the spirit of, as well as to the letter of, the law in the public interest, to high ethical standards, achieving value for money.”

It is the duty of the Studio’s governing body, The Board of Directors, to ensure that there are adequate and effective arrangements in place to ensure public funds are managed appropriately, in line with the conditions of grant and the principles of regularity, propriety and value for money, and to protect the interests of taxpayers and other stakeholders. This also applies to any funds passed to another entity for the provision of facilities or learning and teaching, or for research to be undertaken.

The Studio recognises the Office for Students (OfS) definitions of regularity, propriety and value for money for these purposes which are as follows:

**Regularity:** compliance with the relevant legislation (including State Aid legislation) and funds used only for the purpose for which they are given, and in compliance with any terms and conditions attached.

**Propriety:** meeting high standards of public conduct, including the relevant Parliamentary expectations, especially transparency.

**Value for money:** meeting the need for efficiency, economy, effectiveness and prudence in the administration of public resources, to secure value for public money in relation to the public grant funding received.

### Key Personnel

In regards to the administration of finances at Collective Acting Studio, the key personnel are as follows:

- Paul Harvard – Chief Executive Officer (CEO) and Accounting Officer
- Paul Broughton – Financial Consultant on the Board of Directors, Chair of the Audit Committee
- Joe Hershon – Financial Officer

## 1. Background

1.1. The Collective Acting Studio is a Private Limited Company founded in February 2022. Its structure of governance is laid down in the instruments of its incorporation, notably the Articles of Association and the Scheme of Delegation, which can only be amended by its governing body, the Board of Directors, which has ultimate responsibility for the Studio's affairs.

1.2. The OfS requires the Studio to have in place proper processes that ensure effective accountability and value for money and that earmarked funding is used in accordance with the terms of the grant. These Financial Regulations of the Studio form part of the overall system of accountability.

1.3. Compliance with the Financial Regulations is compulsory for all staff of the Studio. Staff who fail to comply with the Financial Regulations may be subject to action under the Studio's policies. Contractors to the Studio are also expected to comply where relevant; failure may result in termination of contracts or other penalties. The Board of Directors will be notified of any breaches of Financial Regulations through the Audit Committee.

## 2. Status of Financial Regulations

2.1. This document sets out the Financial Regulations of the Collective Acting Studio. It translates into practical guidance the Studio's broad policies relating to financial control. The Board of Directors approved this document in May 2023.

2.2. The purpose of these Financial Regulations is to provide control over the totality of the Studio's resources and provide the Senior Leadership Team (SLT), and ultimately the Board of Directors, with assurances that the resources are being properly applied for the achievement of the Studio's strategic plan and business objectives including:

- a. financial viability
- b. achieving value for money for students
- c. fulfilling its statutory responsibility for the provision of effective financial controls over the use of public funds
- d. ensuring that the Studio complies with all relevant legislation
- e. safeguarding the assets of the Studio

2.3. The SLT at Collective operates using the operational model of appointing ‘Informed Captains’, a person with delegated leadership responsibility for a particular project. Throughout this document reference to an ‘Informed Captain’ is deemed to include anyone with responsibility for the management of a budget unit. In most academic circumstances this will either be the Programme Leader or the Module Leader. Other examples of Informed Captains who might at times be budget holders include: the Youth Academy Manager and the Marketing and Social Media Manager. It is the responsibility of all budget holders to ensure that they and their staff are made aware of the existence and content of the Studio’s Financial Regulations.

2.4 The Finance Committee is responsible for maintaining a continuous review of the Financial Regulations, through the CEO, and for advising the Board of Directors of any material additions or changes necessary.

### 3. Code of Conduct

3.1. The Studio is committed to the highest standards of transparency, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee of Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe.

3.2. **SELFLESSNESS:** *Holders of public office should take decisions solely in terms of the public interest. They should not do so to gain financial or other material benefits for themselves, their families or their friends.*

**INTEGRITY:** *Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that may influence them in the performance of their official duties.*

**OBJECTIVITY:** *In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.*

**ACCOUNTABILITY:** *Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.*

**OPENNESS:** *Holders of public office should be as open as possible about all their decisions and the actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.*



## B. Corporate Governance

### 1. Board of Directors

1.1. The Financial Regulations are subject to the Studio's scheme of corporate governance as set out in the Governing Documents.

1.2. The corporate governance of the Studio is predicated on a clear distinction between 'Governance' and 'Senior Leadership'. In this context, 'Governance' is defined as the process of making decisions that define expectations, grant authority and verify performance.

1.3. The Board of Directors is the supreme governing body of the Studio, responsible for the management and administration of the revenue and property of the Studio and for the conduct of the affairs of the Studio, with the authority to delegate its powers.

1.4. The Board of Directors' financial responsibilities, either directly, or through its delegated committees are as follows:

- a) Ensuring the solvency of the Studio and safeguarding its assets.
- b) Shaping the development of, and approving. the financial strategy and the overall annual budget – and ensuring its congruence with the overall Studio strategy.
- c) Ensuring that the funds provided by the OfS and other funding bodies are used in accordance with their respective terms and conditions.
- d) Considering and approving annual accounts.
- e) Acting as a trustee for any property, legacy, endowment, bequest or gift in support of the welfare of the Studio.
- f) Appointment of Internal and External Auditors.

In carrying out the above responsibilities, the Board of Directors governs and regulates the finances, accounts, investments, property, business and all affairs of the Studio.

### 2. Accountable Officer

2.1. The principle academic and administrative officer of the Studio is the CEO who has a general responsibility to the Board of Directors for maintaining and promoting the efficiency and good order of the Studio. The Board of Directors has designated that the CEO is Accountable Officer of the Studio and may be summoned to appear before the Public Accounts Committee of the House of Commons.



2.2. The CEO must ensure that annual estimates of income and expenditure are prepared for consideration by the Board of Directors and for the management of budgets and resources within the estimates approved by the Board of Directors and ensuring compliance to terms and conditions of funding.

2.3. The CEO is responsible for notifying of any material changes to the financial position of the institution.

2.4. To assist in and advise on the strategic and operational management of the Studio, the CEO has established a four-person Senior Leadership Team (SLT).

### 3. Committee Structure

The Board of Directors has established the following committees that have delegated responsibilities for oversight of these Financial Regulations:

#### 3.1. Audit Committee

The Audit Committee is responsible to the Board of Directors for the adequate and effective risk management (including ensuring the probity of the financial statements and the effective management and quality assurance of data submitted to funding bodies) and for the economy, efficiency and effectiveness of the Studio's activities. The Committee provides advice and recommendations to the Board of Directors on the appointment of both external and internal auditors and meets with the Studio's internal and external auditors in attendance.

3.2. The Senior Leadership Team may attend meetings – but are not members of the Committee. Once a year, members of the Committee meet the internal and external auditors for discussion without officers' present.

3.3. The Committee considers detailed reports including recommendations regarding the Studio's internal control systems, and management reports from OFS as they affect the Studio's business, and monitors adherence to regulatory requirements. The Committee reviews the Studio's annual financial statements, including accounting policies on which they are based, prior to consideration by the Board of Directors

3.4. On an annual basis, the Audit Committee submits a report for approval by the Board of Directors. The report covers risk management, value for money and quality assurance of data. The external auditors also submit an annual report for consideration and approval by the Audit Committee.





The full terms of reference and membership of the Audit Committee can be found [here](#).

### 3.5. Finance Committee

The Finance Committee is responsible to the Board of Directors for considering the effective and efficient use of human and physical resources (estates and information technology), financial performance and sustainability. The Committee ensures compliance with all financial requirements, and statutory and legal obligations, of the OfS, HMRC and Companies House.

3.6. The Committee has the delegated authority to make recommendations to the Board of Directors regarding:

- a) Approving the release of resources in line with the Studio's annual budget and financial plan.
- b) Overseeing the economy, efficiency and effectiveness of the deployment of the Studio's resources, liaising with the Audit Committee as appropriate.
- c) Identifying and reporting to the Board of Directors any policy or proposed course of action that will have a significant impact on the financial or budgetary position of the Studio.

3.7. Membership of the Finance Committee includes the Board of Directors' appointed members with key expertise in finance and Human Resources who liaise with the Senior Leadership Team to seek assurance for the Finance Committee and the Board of Directors that decisions arising from the business area are sound and aligned to corporate strategy.

The terms of reference and membership of the Finance Committee can be found [here](#).

### 3.8. Governance Committee

The Governance Committee advises the Board of Directors on its membership and representation on other internal and external bodies and the operation and effectiveness of corporate governance arrangements. The terms of reference and membership of the Committee can be found [here](#).

### 3.9. Remuneration Committee

The Remuneration Committee determines the remuneration of the Senior Staff of the Studio. The terms of reference and membership of the Committee can be found [here](#).



Our statement on Senior Staff Remuneration can be found [here](#).

#### 4. Audit Committee

4.1. The Studio's Audit Committee includes independent members and reports to the Board of Directors. Under the Regulatory Framework for Higher Education in England the governing body is responsible for ensuring 'the provider's compliance with all of its conditions of registration and with the OFS's accounts direction' (Condition E3). The Audit Committee undertakes these responsibilities on behalf of the Board of Directors. Both internal and external audit are essential elements of the Studio's corporate governance arrangements. The appointment of external auditors is subject to a periodic tendering exercise, but the continued appointment is confirmed annually and is the ultimate responsibility of the Board of Directors. The Board of Directors is advised by the Audit Committee in this matter. The primary role of the external audit is to report on the Studio's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds.

4.2. The internal auditors are appointed by the Board of Directors on the recommendation of the Audit Committee.

4.3. The main responsibility of the internal audit is to provide the Board of Directors, the CEO and the Senior Leadership Team with independent assurances on the adequacy of the internal control system. The internal audit team has direct access to the Board of Directors, the CEO and the Chair of the Audit Committee. The internal auditors will also comply with guidance issued by the OfS and other funding bodies and with the Chartered Institute of Internal Auditors' Guidance on Risk Based Internal Auditing.

4.4. External auditors and internal auditors shall have authority to:

- access the Studio's premises at reasonable times.
- access all assets, records, documents and correspondence relating to any financial and other transactions of the Studio.
- require and receive such explanations as are necessary concerning any matter under examination.
- require any employee of the Studio to account for cash, stores or any other Studio property under his or her control.
- access records belonging to third parties, such as contractors, when required.



4.5. The Studio may, from time to time, be subject to audit or investigation by external bodies such as the funding bodies, National Audit Office, and HM Revenue and Customs. They have the same rights of access as external and internal auditors.

## 5. Data quality and assurance

5.1. The Audit Committee is required to give assurance on the management and quality of data provided to the OfS, and other public bodies. The principles of good management of data apply to all internal and external management information.

5.2. It is the responsibility of the Audit Committee, supported by the CEO, to ensure that:

- appropriate policies and procedures are in place to secure the quality of financial data recorded and used for reporting.
- there are systems and processes in place which secure the quality of data as part of the normal business activity of the Studio.
- there are arrangements to ensure that staff have the knowledge and competence for their roles in relation to financial data quality.

The Audit Committee is required to satisfy itself that suitable arrangements are in place for the management and quality assurance of data submitted to funding bodies [including the Student Loans Company] and provides an opinion on the adequacy and effectiveness of these arrangements in an annual report to the Board of Directors and the CEO.

Informed Captains, who are budget holders, are responsible for ensuring that Studio policies, procedures, systems and processes in respect of data management are followed.

## 6. Value for Money

6.1. It is a requirement that the Board of Directors are responsible for delivering value for money. It should keep under review its arrangements for managing all the resources under its control, considering guidance on good practice issued from time-to-time by the OfS, the National Audit Office, the Public Accounts Committee, or other relevant bodies.

6.2. Value for money processes are incorporated within the planning and budgetary cycles, procurement and general management of resources and the Audit Committee



considers quarterly statements on Value for Money. In addition, internal audits and/or specific external or internal studies may be conducted within specific areas.

6.3 The Studio will publish regular Value for Money statements on the [Policies and Procedure](#) page of our website in a format that is easily accessible for students and other key stakeholders.

## 7. Other Officers and Senior Managers with Financial Responsibility

7.1. The Chair of the Board of Directors is concerned with all the major financial and policy-making decisions of the Studio and works closely with the CEO on broad issues of strategy and development.

7.2. The Senior Leadership Team through its delegated committees is responsible to the CEO and the Board of Directors for the proper functioning of all aspects of the governance of the Studio. This includes responsibility for ensuring that timely and accurate information on the Studio's affairs (especially financial affairs) is placed before the Board of Directors and its committees.

7.3. Reporting to the CEO, the Financial Officer administers day-to-day financial administration and together they are responsible for:

- a) the preparation of a Finance Strategy in support of the Studio's core objectives.
- b) maintaining proper accounting records which enable the financial position of the Studio to be monitored and controlled.
- c) preparing annual revenue and capital budgets and financial plans.
- d) monitoring and maintaining the liquidity of the Studio, including the preparation of cash flow forecasts.
- e) preparing management accounts and other information required to monitor and control expenditure against budgets and ensure prompt collection of income.
- f) preparing the Studio's annual accounts and other financial statements and accounts which they are required to submit to other authorities.
- g) monitoring the progress of capital developments and associated funding and, where required, securing external borrowing.
- h) continuing to develop and promulgate the accurate costing of all activities in the Studio and the determination of prices which result in an adequate return on the resources consumed.
- i) ensuring a cost-efficient, value for money approach is taken to procurement throughout the Studio.
- j) providing advice and guidance on taxation related matters.

- k) ensuring that proper arrangements are in place to operate and monitor treasury management activities including the use of effective performance measures.
- l) ensuring that the Studio maintains satisfactory financial systems.
- m) providing professional advice on all matters relating to financial policies and procedures.
- n) the maintenance of internal audit of the Studio's affairs and the day-to-day liaison with internal and external auditors in order to achieve efficient processes and exemplary systems of internal check and probity, including resolution of technical financial accounting issues.
- o) ensuring compliance with all financial regulations.
- p) ensuring compliance with all relevant external regulatory requirements.
- q) ensuring adequate records are maintained to record the performance of investments of the Studio and that arrangements are made to review such performances with investment managers from time to time.

7.4 Informed Captains have strategic responsibility for their projects. They are responsible to the CEO for financial management and budgetary control for the areas or activities they control (devolved accounting responsibility) and are overseen by the CEO in executing their financial duties.

7.5 Accounting procedures will reflect recommended good practice and follow accounting principles determined from time to time by the CEO. Informed Captains are responsible for establishing and maintaining clear lines of responsibility where necessary within their project areas for all financial matters.

7.6 Informed Captains shall provide the CEO with all such information as may be required to enable:

- a. compilation of the Studio's financial statements.
- b. implementation of financial planning.
- c. implementation of audit and financial reviews, projects and value for money studies.
- d. any other information that the CEO deems necessary in the discharge of his/her responsibilities.

Such information must be complete, accurate and timely and any issues of interpretation or doubt should be discussed with the CEO.

7.7 All members of staff should be aware and have a general responsibility for the security of the Studio's property [both physical and intellectual], for avoiding loss and for due economy in the use of resources. They should ensure that they are aware of the Studio's financial authority limits and the values of purchases for which quotations and tenders are required (see detailed financial procedures).

7.8 All members of staff shall make available any relevant records or information to the CEO in connection with the implementation of the Studio's financial policies, these financial regulations and the system of financial control.

7.9 All members of staff shall provide the CEO with such financial or other information, as he/she may deem necessary, from time to time, to carry out the requirements of the Board of Directors. All members of staff shall immediately notify the CEO whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the Studio or which may be considered to contravene the requirements of the Bribery Act as outlined in the Studio's Anti-Bribery Policy. The CEO shall take such steps, as he/she considers necessary by way of investigation and report.

## 8. Risk Management

8.1. The Studio 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 objectives and financial health.

8.2. The effective management of risk is a key component of good governance, and the Studio is required to demonstrate to OfS that it has in place effective procedures for managing risk at all levels. The Board of Directors has the ultimate responsibility for effective performance and risk management.

8.3. Overall responsibility for day-to-day performance and risk management is held by the Senior Leadership Team. They are responsible for monitoring institutional performance, through a set of key performance indicators and reports through the CEO to the Board of Directors.

8.4. The Senior Leadership Team is responsible for maintaining the Studio's register of high-level risks which describes the key institutional risks, identifies who is responsible for managing them, and outlines how they are being managed. It is also responsible for ensuring that effective risk management is embedded at all levels of the Studio.

8.5. The Senior Leadership Team reviews the risk register quarterly as a standing agenda item.

8.6. The Audit Committee of the Board of Directors reviews the top ten risks at each meeting and receives the full risk register on an annual basis.

8.7. The internal audit function sets its annual audit plan in accordance with the Studio's Strategic Plan and its Risk Register and ensures that part of its work each year includes a review of the risk management arrangements in place, including their effectiveness.

8.8 The Board of Directors reviews the top five Studio risks quarterly.

## 9. Theft, fraud, bribery and corruption

9.1. It is the duty of all members of staff, management and the Chair of the Board of Directors to notify the CEO immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, bribery, corruption or any other impropriety.

9.2. Any incident involving significant fraud [above £1,000] will be reported without delay to the Board of Directors.

9.3. Any significant cases of fraud or irregularity shall be reported to the OfS in accordance with their requirements.

9.4. If the suspected fraud is thought to involve the CEO and/or a member of the Senior Leadership Team, the member of staff shall notify the Chair of Audit Committee directly of their concerns regarding irregularities.

9.5. The Studio's Anti-Bribery Policy can be viewed [here](#).

## 10. Receiving of gifts or hospitality

10.1. It is an offence under the Bribery Act 2010 for members of staff to accept or give any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be:

- a. the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest;
- b. the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

10.2 Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the Studio would be likely to provide in return.

## 11. Conflicts of Interest

11.1 All staff and the Board of Directors members are required to be mindful of conflicts of interest. Conflicts of interest arise when a member of staff or of the Board of Directors has an interest, either financial or non-financial with a third -party organisation which may compromise their obligations to the Studio. Examples of potential conflicts of interest include :

- a. paid employment at organisations other than Studio or self-employment including consultancy.
- b. remunerated or honorary positions and related connections with other educational institutions
- c. trusteeships or management positions in charities
- d. directorship of commercial companies
- e. significant shareholdings in companies

11.3. The Studio's Conflict of Interest Policy can be viewed [here](#).

## 12. Compliance with Criminal Finance Act policy

12.1. It is an offence under the Criminal Finance Act (CFA) 2017 for members of staff, agents and associates [someone who performs services either for theStudio or on its behalf] to facilitate tax evasion by another party. If any such offence is suspected it should be immediately reported to the Chair of the Board of Directors who will be responsible for instigating the required response.





## C. Financial Management and Control

### 1. Financial Planning

1.1. Five-year Budget – The CEO is responsible for preparing a rolling five-year financial plan for approval by the Board of Directors annually on the recommendation of Finance Committee and for preparing financial forecasts for submission to the OfS. Financial plans should be consistent with the strategic plans approved by the Board of Directors.

1.3. The Studio allocates costs and income in line with service delivery. Informed Captains as the delegated budget holders are responsible for the economic, effective and efficient use of all resources.

1.4. During the year, the CEO is responsible for periodically submitting revised forecasts to the Finance Committee for consideration before submission to the Board of Directors for approval.

1.5. In the event that the Studio is no longer a going concern, the delegated authority moves to the management board in place to manage the Studio through that process.

### 2. Financial Control

2.1. Budgetary Control – The Studio operates a system of devolved budgetary control. The Board of Directors are ultimately responsible for the control of budgets, and they delegate executive management of budgets to the Senior Leadership Team. Informed Captains, who appointed by the Senior Leadership Team, are the budget holders responsible for the delivery of agreed financial plans and for implementing an effective system of budgetary control for their specific projects within their prescribed budget.

2.2. The control of income and expenditure within an agreed budget is the responsibility of the Informed Captain, who must ensure that day-to-day monitoring is undertaken effectively. The allocation or setting up of a budget is not an authority to spend monies but is merely an appropriation of funds or anticipation of income to a maximum level for any category. All expenditure should only be incurred if it is necessary to meet the agreed targets of the budget holder and should be in accordance with the procurement regulations and expenditure approvals level in force at any time. All expenditure is expected to deliver Value for Money.



2.3. The CEO is responsible for supplying regular reports on the Studio's finances to the Senior Leadership Team.

2.4. The CEO is responsible for supplying a quarterly finance report to the Finance Committee and then the Board of Directors, which has overall responsibility for the Studio's finances.

2.5. Changes to the Approved Budget – all such changes to the overall Studio budget must be approved by the Board of Directors. This will normally be achieved by the receiving and acceptance of the revised year end forecast included in the quarterly finance report from the CEO.

2.6. Treatment of Year End Balances – The Studio is required to prepare its annual report and accounts in accordance with Financial Reporting Standard 102. In addition, it is obliged to follow the principles set out in the latest Statement of Recommended Practice (SORP) Accounting in Further and Higher Education Institutions in preparing its Annual Report and Accounts. Year end balances can only be carried forward in accordance with these standards.

### 3. Accounting Arrangements

3.1. The Studio's financial year will run from 16th August until 15th August the following year.

3.2. The consolidated financial statements are prepared under the historical cost convention, modified by the revaluation of certain fixed assets and investments, in accordance with applicable accounting standards.

3.3. The financial statements are prepared for the financial year ending 15th August in accordance with the Statement of Recommended Practice (SORP) Accounting in Further and Higher Education Institutions.

3.4. The CEO will review annually the Studio's accounting policies and, in consultation with the external auditors, will make recommendations to the Audit Committee in respect of changes as appropriate.

3.5. The CEO is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.



3.6. The financial statements will be reviewed by Audit Committee who have the responsibility for recommending them to Board of Directors for approval.

#### 4. Document retention

4.1. The CEO is responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities. The Studio is required by law to retain prime documents for six years. These include:

- a. official purchase orders.
- b. paid purchase invoices.
- c. sales invoices.
- d. bank statements.
- e. paid cheques.
- f. records documenting receipts.
- g. payroll records, including part-time lecturers' contracts.

4.2. Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder.

4.3 Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as research bodies, regional development agencies and European funding bodies.

#### 5. Taxation

5.1. The Financial Officer is responsible for informing the CEO and other budget holders, in the light of guidance issued by the appropriate bodies and relevant legislation, on all taxation issues (except for employee's PAYE and national insurance).

5.2. The Financial Officer, as delegated by the CEO, is responsible for maintaining all records in relation to taxation, making all payments, receiving appropriate credits and ensuring all returns are made to the relevant authorities in a timely manner, including returns in respect of PAYE, National Insurance, Corporation Tax, Income Tax and VAT.

5.3. Following guidance from appropriate bodies and updated legislation the CEO will issue advice on all taxation matters including VAT, corporation tax and import duty to all budget holders except for employees PAYE and National Insurance.

## 6. Treasury Management

6.1. All executive decisions concerning borrowing, investment or financing (within policy parameters) must receive approval from the Board of Directors.

6.2. The Board of Directors is responsible for the appointment of the institution's bankers and other professional financial advisers (such as investment managers) on the recommendation of the CEO. The appointment shall be for a specified period after which consideration shall be given by the CEO for the competitive tendering of the service.

6.3. The CEO is responsible for liaising with the Studio's bankers in relation to all matters concerning its bank accounts or borrowings.

6.4. Only the CEO may open or close a bank account for dealing with the Studio's funds. All bank accounts shall be in the name of the Studio.

6.5. All payments, irrespective of type of transaction on behalf of the Studio, such as BACS or CHAPS, must be authorised in accordance with the policies and processes in place.

6.6. The CEO is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

## D. Income

### 1. General

1.1. The CEO is responsible for ensuring that appropriate procedures are in operation to enable the Studio to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the CEO.

1.2. Levels of charges for non-regulated academic fees, such as the Part-Time Drama School, must be approved by the Senior Leadership Team.

1.3. The CEO is responsible for:

- a. the prompt collection, security and banking of all income received.



- b. ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the Studio's accounts.
- c. ensuring that all claims for funds, including research grants and contracts, are made by the due date.

## 2. Receipt of cash, cheques and other negotiable instruments

2.1. All monies received within Schools and other budget departments from whatever source must be recorded by the department daily together with the form in which they were received, for example cash, cheques and other negotiable instruments.

2.2. All monies received must be banked promptly. The custody and transit of all monies received must comply with the requirements of the Studio's insurers.

2.3. All sums received must be paid in and accounted for in full and must not be used to meet miscellaneous departmental expenses or be paid into the departmental petty cash float.

2.4. Staff must comply with the requirements of anti -money laundering legislation and comply with specific finance guidance.

## 3. Collection of Debts

3.1. The CEO should ensure that:

- a. Debtors' invoices are raised promptly on official invoices, in respect of all income due to the Studio.
- b. invoices are prepared with care, recorded in the finance system, show the correct amount due and are credited to the appropriate income account.
- c. any credits granted are valid, properly authorised and completely recorded.
- d. VAT is correctly charged where appropriate and accounted for.
- e. monies received are posted to the correct debtors' account.
- f. swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the financial procedures.
- g. outstanding debts are monitored, and reports prepared for management.

Only the CEO can implement credit arrangements and indicate the periods in which different types of invoice must be paid.



The CEO has the authority to write off any debt incurred in the ordinary course of business, except for those having a material impact on the Studio's position. The write off of material debts over £3,000 will be referred to the Board of Directors through the Finance Committee.

A summary report of all debt write offs will be presented to the Finance and Risk Committee annually.

Requests to write off debts must be referred in writing to the Finance Committee in the first instance.

#### 4. Student fees

4.1. The procedures for collecting tuition fees must be approved by the CEO. Through delegation to the Academic and Registry Officer, they are responsible for ensuring that all student fees due to the Studio are received.

4.2. Any student who has not paid an account for tuition fees owing to the Studio shall not receive the certificate for any degree, diploma or other qualification awarded by the Studio until all outstanding debts have been cleared. Such students shall be prevented from re-enrolling at the institution and from using any of the Studio's facilities unless appropriate payment arrangements have been made.

4.3. Any student who has not paid an account for any other item will be dealt with in accordance with procedures set by the CEO.

4.4. The Studio seeks to minimise the opportunities for money laundering in accordance with the Money Laundering, Terrorist Financing and Transfer of Funds Regulation 2017. Where the Studio is required to process a refund, refunds will be made to the original payer following the method by which the monies were originally received. To help prevent money laundering the Studio no longer accepts cash payments.

#### 5. Student loans

5.1. Appropriate records will be maintained to support all transactions involving student loans.

5.2. The Academic and Registry Officer is responsible for approving loans in accordance with the Student Loan scheme. The CEO is responsible for administering loans that have been approved.



## 6. Emergency / Hardship Support

6.1. Payments under the Studio's scheme for emergency/hardship support must be approved by the Senior Leadership Team. This will include the maximum assistance that can be given in any individual case. Under no circumstances should payments be made without this approval.

6.2. The Academic and Registry Officer is responsible for ensuring the adequacy of the systems in place for:

- a. making payments as agreed by the Senior Leadership Team
- b. paying loans that have been approved.
- c. recovering loans that have been paid.

## 7. Transparency Approach to Costing (TRAC)

7.1. The Studio has agreed to adopt the principles on costing and pricing recommended by the Financial Sustainability Steering Group (FSSG) as constituted by the OfS. Staff undertaking research activity will maintain the records specified by the CEO to enable compilation of returns to the funding body.

## 8. Specific and earmarked accounts

8.1. From time to time, the Studio may be awarded grants and funding for specific purposes or programmes. These grants are to be accounted for in separate accounts and the budget holder must ensure that the terms and conditions of these grants are adhered to. Failure to respond to these conditions often means that the Studio will have to reimburse the sponsors and/or incur financial penalty. The budget holder must also ensure that these accounts are maintained in credit and submit the grant claims on a timely basis.

## 9. Additional payments to staff

9.1. Any proposal that involves additional payments to staff (over and above salary and other contractual allowances) should only be made for the following reasons:

- a. consultancy.
- b. intellectual property.
- c. payment for additional teaching/work.



Any additional payments must be authorised by the CEO before the additional work is undertaken.

## 10. Intellectual Property Rights and Patents

10.1. Certain activities undertaken within the institution including research and consultancy may give rise to intellectual property, such as ideas, designs and inventions.

10.2. In the event of the Studio deciding to become involved in the commercial exploitation of inventions and research, the matter should then be referred to the Board of Directors for approval.

## 11. Gifts, benefactions and donations

11.1. The CEO is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the institution and initiating claims for recovery of tax where appropriate.

11.2. All philanthropic donations (including in kind donations of goods and services) received by schools or services must be notified to the CEO including details of the purpose of the donation.

11.3. Conditional donations and gifts with specific terms to maintain the capital sum should be set up as endowment funds. The capital sum will be invested in the Studio's pooled investment portfolio. Capital gains/losses and income will be allocated on a pro-rata basis.

11.4. The Secretary to the Board is responsible for maintaining a record of the requirements for each endowment fund and specific donation.

## 12. Voluntary funds

12.1. The CEO shall be informed of any fund that is not an official fund of the institution, which is controlled wholly or in part by a member of staff in relation to their function in the Studio.

12.2. The accounts of any such fund shall be maintained as a "third party account" within the Studio's account and shall be subject to the Studio's standard financial procedures.





12.3 The CEO can request such accounts to be closed at any point should they be deemed unnecessary.

## E. Expenditure

### 1. General

1.1. The CEO is responsible for making payments to suppliers of goods and services to the Studio.

### 2. Segregation of duties

2.1. All staff are reminded of the need to ensure that there must be appropriate segregation of duties in making financial commitments. In particular: that all orders must be raised and therefore approved by the Informed Captain or a member of the Senior Leadership Team. All goods or services must be marked as received on the system after delivery, by a person other than the Purchase Order approver.

### 3. Scheme of delegation/financial authorities

3.1. Informed Captains as the budget holders are responsible for purchases within their areas. In exercising this delegated authority, budget holders are required to observe the Studio's purchasing policies and financial procedures.

3.2. The CEO shall maintain the Financial Information System (Xero) along with the Financial Officer.

3.3. Informed Captains are not authorised to commit the Studio to expenditure which is outside of their budget as approved by the Board of Directors.

3.4. Invoices that match the purchase order within tolerance and the goods have been received on the system will be automatically approved for payment. Tolerance is defined as a price increase of 2.5%. Where an invoice exceeds this tolerance and the value of the increase exceeds £25, the invoice must be approved by the Informed Captain, or a member of the Senior Leadership Team.

## 4. Pay Expenditure

- 4.1. All Studio staff will be appointed at the salary approved by the Remuneration Committee.
- 4.2. The CEO will, from time to time, review the remuneration package for all staff in relation to the marketplace and sector. Changes to the benefits framework will be submitted to the Remuneration Committee as appropriate for review and approval.
- 4.3. The CEO is responsible for all payments of salaries and all other payments arising from employment, including individuals engaged under a claims basis.
- 4.4. All timesheets and other pay documents, including those relating to fees payable to external examiners, occasional lecturers or researchers, will be in a form prescribed or approved by the CEO.
- 4.5. The Financial Officer, as delegated by the CEO, is responsible for maintaining records for pensions, income tax, national insurance and other pay-related statutory reasons.
- 4.6. All payments must comply with HM Revenue and Customs regulations including off-payroll working (IR35).

## 5. Pension schemes

- 5.1. The Financial Officer, as delegated by the CEO, is responsible for ensuring appropriate pension arrangements for employees.
- 5.2. The Financial Officer, as delegated by the CEO, is responsible for day-to-day pension matters, including:
  - a. administering eligibility to pension arrangements.
  - b. arranging when deductions should begin or cease for staff.
  - c. paying contributions to various authorised pension schemes.
  - d. preparing the annual return to various pension schemes.
  - e. liaison with the pension fund administrators.

## 6. Severance and other non-recurring payments

- 6.1. Severance payments are paid in line with the relevant legislation.

6.2. Any staff settlement or severance payment must be approved in advance by the CEO and the Board of Directors.

## 7. Procurement

7.1. The Studio requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible lifecycle cost consistent with quality (the required specification), delivery requirements and sustainability, and in accordance with sound business practice and ethics and legal and regulatory restraints.

7.2. The Operations Officer is responsible to the CEO for:

- a. ensuring that the Studio's purchasing policy is known and observed by all involved in purchasing for the institution.
- b. advising on matters of Studio purchasing policy and practice.
- c. advising Informed Captains where required on specific project purchases.
- d. developing appropriate standing supply arrangements on behalf of the Studio to assist Informed Captains in meeting their value for money obligations.
- e. vetting all orders above the limit set in the financial management system before they leave the Studio.
- f. the drafting and negotiation, by agreement and in collaboration with the responsible Informed Captain, of selected high-value purchase contracts (in excess of £5,000) undertaken by the Studio.
- g. ensuring that the Studio complies with UK legislation on procurement and related matters.
- h. approving suppliers for which it is not appropriate to raise a purchase order e.g. Utilities Suppliers.

## 8. Purchase orders

8.1. The ordering of goods and services shall be in accordance with the Studio's procurement procedures and policies. Any acquisition or purchase, by whatever means (whether by purchase order, contract, letter of intent, or any other means) must only be made by people who are authorised under the relevant procedures.

8.2. All goods and services must be ordered on official Studio orders through the Financial Information System (Xero) except those made using company credit/debit cards or petty cash.



8.3. The Operations Officer is responsible for ensuring that all purchase orders refer to the Studio's conditions of contract.

## 9. Institution debit and credit cards

9.1. Institution debit and credit cards are only issued to members of the Senior Leadership Team and may not be used for personal expenditure. The CEO is responsible for ensuring compliance with the terms of their issue, including their usage for authorised and approved expenditure and may withdraw them if there is a breach of their terms of issue.

9.2. Cardholders must ensure that a member of the Senior Leadership Team approves all debit and credit card purchases in advance.

## 10. Tenders and quotations

10.1. Informed Captains as budget holders must comply with the Studio's tendering procedures as described below.

10.2. The following sets out the course of action for different threshold levels. All figures include any VAT payable

- a. Orders below £750: Informed Captains may authorise unilaterally.
- b. Orders between £750 and £10,000. The Informed Captain to ensure value for money through a thorough market search.
- c. Orders between £10,000 and £50,000: 3 competitive quotations to be obtained by the Informed Captain prior to placing the order. Please note that the Studio has an obligation to notify the wider general public on all procurement outcomes over £25,000 by using a Government website called Contracts Finder. If your purchase is above £25,000, please contact the CEO for advice as to how to approach this purchase.
- d. Goods & Services orders over £50,000 – the contract must be put out for tender, and receive approval from the Board of Directors.
- e. Works orders between £50,000 and £5,336,937: Tender
- f. Goods & Services orders over £213,477: Above Government Threshold Tender
- g. Works orders over £5,336,937: Above Government Threshold Tender



\*Please note that these thresholds are for the aggregate spend across a four year period\*

10.3. The current threshold values are updated for legislation changes. Deviation from the Studio's threshold table above may only be approved by the CEO, following an application to the Operations Officer.

## 10. Capital and Major Refurbishment Contracts

10.1. All capital and major refurbishment contracts must be authorised by the Board of Directors.

10.2. Building procurement is subject to procurement procedures and legislation. Any building procurement must be authorised by the Board of Directors.

## 13. Receipt of goods or Services

13.1. All persons receiving goods or services on behalf of the Studio must be independent of those who approved the official order.

## 14. Payment of invoices

14.1. The procedures for making all payments shall be in a form specified by the CEO.

14.2. The CEO is responsible for deciding the most appropriate method of payment for categories of invoice-normally BACS

14.3. Suppliers should be instructed to submit invoices to the Operations Officer.

14.4. Payments will only be made by the CEO against invoices that are:

- a. matched to a receipted order on the Financial Information System (Xero) within tolerance
- b. approved on the Financial Information System (Xero) where the invoice exceeds tolerance
- c. that have been certified for payment by the CEO where no Purchase Order was required.

## 16. Staff Reimbursement

15.1. The Studio's purchasing and payments procedures are in place to enable most non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement.

15.2. All claims for payment of subsistence allowances, travel and incidental expenses shall be completed in a form approved by the CEO.

## 16. Petty cash

16.1. Where a single item is for less than £50 and it cannot be purchased by debit card, it can be paid from petty cash. It must be supported by receipts or vouchers where available.

16.2. The CEO shall make available to departments such imprest floats as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum. Where possible, they should be avoided entirely.

16.3. Requisitions for reimbursements must be sent to the Operations Officer together with appropriate receipts or vouchers, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.

16.4. The member of staff granted a float is personally responsible for its safe-keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the Studio's insurers.

16.5. Petty cash records must be maintained in a form prescribed by the CEO and expenditure should be recorded on an imprest accounts basis.

16.6. At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter-signed by the Operations Officer.



## 17. Other payments

17.1. Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the CEO, supported by detailed claims approved by the Operations Officer.

## 18. Late payment rules

18.1. The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:

- small businesses can charge interest on overdue invoices.
- interest is chargeable on sales made after 1 November 1998.
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of England.
- the Act also applies to overseas organisations.
- the Studio can be sued for non-payment.

18.2. In view of the penalties in this Act, the Board of Directors requires that invoices must be passed for payment as soon as they are received.

## 19. Giving hospitality

19.1. Staff entertaining guests from external companies or individuals (as defined in the Expenses policy) should use the Studio's catering facilities if available during the normal working day.

19.2. Other acceptable expenditure for entertaining guests must receive prior approval from a member of the Senior Leadership Team.

## F. Assets

### 1. General

1.1. The purchase, long-term lease or rent of land, buildings or fixed plant can only be undertaken can only be approved by the Board of Directors.

## 2. Safeguarding assets

2.1 The Operations Officer is responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under the Studio's control. They will consult the CEO in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

2.2. Assets owned by the Studio shall, so far as is necessary, be effectively marked to identify them as Studio property.

2.3. The Operations Officer is responsible for maintaining inventories, in a form prescribed by the CEO, for all plant, equipment, furniture and stores in the Studio with a cost more than £1,000. The inventory must include items donated or held on trust.

2.4. Inventories must be checked at least annually.

## 3. Personal use

3.1. Assets owned or leased by the Studio shall not be subject to personal use without proper authorisation from a member of the Senior Leadership Team.

## 4. Asset disposal

4.1. Disposal of land and buildings can only be approved by the Board of Directors.

4.2. Disposal of equipment and furniture must be approved by the Senior Leadership Team.

## G. Other

### 1. Insurance

1.1. The CEO is responsible for the Studio's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide enough cover to meet any potential risk to all assets. This portfolio of insurances will be considered as part of dual assurance processes.





1.2. The CEO is responsible for effecting insurance cover. The CEO will keep a register of all insurances effected by the Studio and the property and risks covered. He/she is therefore responsible albeit through delegation for obtaining quotes, negotiating claims and maintaining the necessary records. He/she will also deal with the Studio's insurers and advisers about specific insurance problems.

1.3. Informed Captains must ensure that any agreements negotiated within their areas with external bodies cover any legal liabilities to which the Studio may be exposed. The CEO's advice should be sought to ensure that this is the case. They must give prompt notification to the CEO of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks.

1.4. Informed Captains must advise the CEO immediately of any event that may give rise to an insurance claim in relation to their projects. The CEO will notify the Studio's insurers and, if appropriate, prepare a claim in conjunction with the Secretary to the Board for transmission to the insurers.

1.5. The Operations Officer is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

1.6. All staff using their own vehicles on Studio Business shall maintain appropriate insurance cover for business use.