

**FINANCIAL REGULATIONS FOR THE GENERAL
OPTICAL COUNCIL**

APRIL 2015

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1. Introduction

This document provides the procedural framework for the General Optical Council's financial affairs. Its purpose is to ensure that the Council's members and staff comply with specific statutory provisions, best professional practice and that the integrity of the Council's financial affairs is protected.

All financial and accounting procedures must be carried out in accordance with these Regulations and other corporate guidelines.

1.1 Financial roles and responsibilities

The financial regulations explain the financial responsibilities and policies adopted by the Council to fulfil its financial control and legal obligations as laid down by the standing orders of the General Optical Council, accounting standards, Government policy and law.

1.2 The Chief Executive and Registrar, Directors and Heads of Section

It is the responsibility of the Chief Executive and Registrar, Directors, and Heads of Department to ensure that members of staff are aware of their responsibilities under these Financial Regulations, and that they comply with them.

The Director of Resources is responsible for ensuring the maintenance of a continuous review of the Financial Regulations and for updating them, as necessary for the approval of the Council. The Director of Resources has responsibility for reporting breaches of the Financial Regulations through the Chief Executive and Registrar to Council.

Non-compliance with these Financial Regulations and with any accounting instruction notes or Corporate Guidance may constitute a disciplinary matter.

1.3 The Council

The Council is responsible for agreeing:

- The adoption of and changes to the Financial Regulations.
- The annual budget, which includes the allocation of financial resources to different services and to capital projects and the setting of financial targets.
- The level of reserve funds to be held.
- The Investment Management Strategy.
- The preparation and approval of the annual report and accounts.
- Setting the terms of reference for the Audit and Risk and Remuneration Committees.

The Council is further responsible for other aspects of these financial regulations referred to in later sections.

1.4 The Remuneration Committee (RemCo)

The Remuneration Committee shall, in addition to its other responsibilities as set out in its terms of reference shall review and recommend to Council:

- the payment of fees to members¹;
- the level of remuneration and payments to be made in relation to pensions, gratuities or superannuation schemes to the Senior Management Team²;
- assurance that there are adequate processes in place to determine executive remuneration, reward and performance management which are in line with the GOC's values and principles

The Committee also reviews and approves:

- the process of appraisal for the Chief Executive and Registrar and other members of the Senior Management Team; and
- policies on Travel, Accommodation & Subsistence and Witness Expense Claims (the 'expenses policy').

1.5 The Audit and Risk Committee (ARC)

The ARC shall, in addition to its other responsibilities as set out in its terms of reference:

- review the adequacy of and approve any changes to the following, ensuring each is effective and consistent with Council's view and providing assurance as to the appropriateness and robustness of each:
 - accounting policies
 - scheme of financial delegation
 - contracts and procurement policy
 - credit card policy; and
 - business continuity plan;
- review the adequacy of and changes to the following, ensuring each is effective and consistent with Council's view and providing assurance as to the appropriateness and robustness of each before recommending their approval by Council:
 - Financial Regulations
 - Reserves policy
 - Investment policy
 - risk management strategy and policy (inc. how to complete the risk registers);
 - anti-bribery, money laundering, fraud, theft and corruption policy (inc. the public statement

¹ Members are individuals who work with the GOC who are neither employees nor contractors (as defined by their contract with us).

² The Senior Management Team includes the Chief Executive and Registrar, the Director of Strategy, the Director of Resources and the Director of Fitness to Practise.

- Code of Conduct;
 - Gifts and Hospitality;
 - Management of interests;
 - Scheme of delegation – Part 1;
 - Complaints – corporate, Chair, Members, Advisers and non-executive recruitment ;
 - Information governance – Freedom of information and Data protection; and
 - Whistleblowing
-
- review complaints received and dealt with by the Registrar under the Corporate Complaints policy;
 - approve the appointment, re-appointment and removal of the external provider of the internal audit function;
 - make recommendations to Council on the appointment, re-appointment and removal of the GOC external auditors;
 - review the statutory annual report and financial statements prior to their submission to Council for approval, focusing particularly on the Statement on Internal Control, changes in and compliance with relevant accounting policies and practice, unadjusted mis-statements, major judgmental areas, level of error identified, significant adjustments resulting from the audit and managements letters of representation and advise Council accordingly as to whether, when taken as a whole, they are a fair, balanced and understandable and provide the necessary information to assess performance;
 - advise Council on the organisation’s overall risk appetite, tolerance, strategy and policy; and
 - advise the Council on any other areas of its work which the Committee believes is part of the role of an Audit and Risk Committee.

1.6 The Chair of Council

The Chair of Council is responsible for signing the Annual Accounts on behalf of the Council.

1.7 The Chief Executive and Registrar

The Chief Executive and Registrar is responsible for the corporate and strategic management of the Council. In order to discharge these responsibilities in relation to the finances of the Council, the Chief Executive and Registrar will delegate the following responsibilities to the Director of Resources:

- ensuring that there are appropriate financial management standards in place and that compliance with them is monitored;
- making certain that proper accounting records are kept by the Council;

- ensuring that there is an appropriate framework for budgetary management and that the budgetary performance is monitored and reported to the Council;
- ensuring that proper professional practices in relation to finance are adhered to throughout the Council;
- the preparation and publication of the audited accounts of the Council for each financial year and ensuring that there are proper arrangements in place for the audit of the Council's accounts; and
- the management of Treasury activities in accordance with the council's Investment policy.

1.8 Executive Directors

The Directors have responsibility for the management of the finances of their services. This responsibility must be exercised within the corporate financial management framework determined by the Chief Executive Officer/Registrar and agreed by the Council.

- **Director of Strategy** – has responsibility for the budget agreed for the Strategy Directorate and for ensuring compliance with relevant financial regulation by members of staff within that Directorate;
- **Director of Fitness to Practise** – has responsibility for the budget agreed for the Fitness to Practise Directorate and for ensuring compliance with these financial regulations by members of staff within that Directorate; and
- **Director of Resources** – has responsibility for the financial administration of the Council and is accountable for these responsibilities to the Chief Executive and Registrar.

1.9 Head of Finance

The Head of Finance is responsible to the Director of Resources for the day to day financial administration of the Council, in particular for ensuring that the Council has in place robust systems of financial control and management, and is accountable to the Director of Resources.

2. The Regulations

The Regulations are organised around seven themes as follows:

- financial planning;
- financial management;
- accounting records and financial systems;
- risk management and control;
- control of resources;
- income and expenditure; and
- external arrangements.

For each of these themes, there needs to be delegation arrangements that allow for the efficient running of the organisation, through appropriate allocation of tasks and responsibilities that contribute to the overall internal control framework. The specific components of a control framework in a scheme of delegation are:

- **Preventative controls** – for example, segregation of duties, authorisation procedures, access limitations;
- **Detective controls** – arithmetical and accounting checks, consistency checks, continuity checks; and
- **Directive controls** – written policies and procedures, reporting lines, supervision and management and training.

It should be noted that the presence of, and compliance with, Financial Regulations will not only enhance the control environment for the organisation, but will also protect employees against allegations of mismanagement, fraud and other financial unprofessional conduct.

3. Financial Planning

3.1 Policy Framework

The Council is responsible for agreeing the Strategic Plan. An annual business plan and an annual budget aligned to the achievement of the Strategic Plan are submitted to the Council for approval.

3.2 The Revenue Budget

- **Income and Expenditure**
Revenue income and expenditure represents the current or day to day running costs and receipts of the Council.
- **Revenue Budgets**
Budgets ensure that the Council can plan, authorise, monitor and control the way that money is allocated and spent.

3.3 Budget Preparation

The Director of Resources is responsible for ensuring that the revenue budget and capital programme are prepared prior to the start of the new financial year. The Budget and Strategic plans are set and monitored to ensure that targets are met.

The Head of Finance will issue detailed guidance and a timetable for production of the revenue budget. The Director of Resources will prepare, in consultation with the Chief Executive and Registrar and the SMT, and in accordance with the laid down guidance and timetable, detailed draft revenue budgets for consideration by the Council.

When drawing up draft budget requirements, Directors will have regard to:

- Policy requirements, as defined by the Council in the Strategic Plan.
- Spending patterns and pressures revealed through the budget monitoring process.
- Opportunities for achieving savings and/or for generating income.
- Legal requirements.
- Risk assessment of material income and expenditure.
- Projection of pay and price inflation.
- Revenue implications of capital investment proposals.
- Initiatives and developments planned or under way.
- Commitments (including the full year effect of decisions taken in the preceding year).
- The need to secure value for money.

3.3.1 Format of the Budget

The general format of the budget is approved by Council. The format of the budget determines the level of detail at which financial control and management will be exercised.

3.3.2 Maintenance of Reserves

Reserves are maintained as a matter of prudence. A general revenue reserve is maintained to enable the Council to provide for unexpected events and thereby protect it from overspending, should such an event occur. Designated reserves are held for specific policy purposes. It is the responsibility of the Audit and Risk Committee upon recommendation from the Director of Resources to advise the Council upon the prudent levels of reserves and balances. The Reserves Policy can be found on the GOC website³.

3.4 **Capital Financial Planning**

3.4.1 **Capital Expenditure**

Capital Expenditure involves:

- The acquisition or construction of assets such as land, buildings, vehicles and plant and equipment (including IT hardware).
- Expenditure which adds to, and not merely maintains the useful life of existing assets, extends the market value of existing assets or increases the extent to which existing assets can or will be used by the Council.
- The purchase of IT software licences or internally developed software can only be capitalised where there is a readily ascertainable market.

³ https://www.optical.org/en/about_us/our-governance/index.cfm

Items that meet the definition of capital expenditure but individually fall below the capitalisation threshold of **£500** will not be grouped together.

3.4.2 **Leasing and rental arrangements**

Agreements for the leasing of equipment and property must first be approved by Council after advice from the Director of Resources. Council can delegate authority to the Director of Resources under specified circumstances. Lease agreements will be signed in accordance with the Council's delegation arrangements.

4. Financial Management

4.1 Introduction

Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework, the medium term financial forecast and the annual budget.

4.2 Financial Management Standards

All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and by the controls that are in place to ensure that these standards are met.

4.3 Revenue Budget Monitoring and Control

4.3.1 Budget Management

The Council operates within an annual cash limit, approved when the annual budget is set. Each department is required to manage its own expenditure and income recovery within the budget allocated to it. Budget managers also need to ensure that the resources are used for their intended purposes and are properly accounted for.

4.3.2 Framework for Budgetary control

The Director of Resources is responsible for providing appropriate financial information to enable budgets to be monitored effectively. It is the role of the Audit and Risk Committee to provide assurance to Council that there is a suitable mechanism in place for budget setting for each financial year. Variances against budget must be reported to Council and the Executive on a **quarterly** basis.

Directors will:

- Ensure that all income and expenditure is properly recorded and accounted for.

- Ensure that an operational budget holder is assigned responsibility for each item of income and expenditure under their control.
- Ensure that individual budgets are not overspent.
- Exercise discretion in managing the budgets
- Ensure that a monitoring process is in place
- Ensure that managers supervise the financial management of those reporting to them.
- Ensure compliance with the scheme and rules of virement detailed in 4.4 and 4.5 below.
- Ensure that adequate training is delivered to operational budget holders.

The Director of Resources will:

- Ensure that each Director receives timely and sufficiently detailed management information on receipts and payments for each budget.
- Monitor performance against the Council's budget on an on-going basis, and advise on the Council's overall financial position.
- Provide monthly financial reports that compare the Council's projected income and expenditure with the latest approved budget.

4.3.3 Responsibilities of budget holders

Budget holders are responsible to the Chief Executive and Registrar for the control of their budgets. Each budget holder shall prepare plans and estimates of the costs of their activities and shall submit them to the Council for approval in conjunction with the business plan.

Budget holders shall consult the Director of Resources with respect to any new proposals which have financial implications.

Budget holders are expected to ensure expenditure budgets are not overspent and income budgets are delivered. If a budget holder believes that an individual budget may be overspent or under spent, the budget holder shall inform the Director of Resources so that appropriate action can be taken.

A budget holder may incur expenditure within the limits of the plans and budgets authorised by the Council under the Scheme of Delegation for Financial Management. Budget holders should not make commitments that would lead to their budgets being exceeded, without the prior approval of the Director of Resources. Approved budget expenditure must be counter-signed by Directors, Chief Executive and Registrar or Head of Finance for payment according to the authority limits prescribed in the Scheme of Delegation for Financial Management

Budgeted funds may not be used for the purpose of taking on additional consultants, permanent or temporary staff until the requisite approval has been obtained from the executive board. Recruitment will be controlled through the HR department.

Where significant funds are budgeted for a particular purpose and a saving is made or the activity is delayed to another year, resulting in an under spend of budgeted funds, the budget holder must not reallocate these under spends for other purposes except within compliance with 4.4 below.

Budget holders are responsible for monitoring their budgets ensuring that expenditure and income are allocated to the appropriate activity in the accounts.

4.3.4 Maintenance of reserves

It is the responsibility of the Director of Resources to advise the Council and the Audit and Risk Committee on prudent levels of reserves as part of the annual budget setting process.

4.4 Scheme for Virement

Directors must ensure that expenditure remains within budget. It is however permissible for budget holders, in certain circumstances, to switch resources between approved budget headings (virement), subject to obtaining the necessary approval from the Director of Resources or Chief Executive and Registrar.

The Director of Resources is entitled to full access to the financial, statistical and other relevant information to enable accurate setting and monitoring of budgets. Transfers of approved funds between cost types within departments or directorates are permitted in order to give flexibility in the way that departmental objectives are achieved but must be notified to the Director of Resources.

Transfer of budget funds from one cost centre to another must be agreed between the affected Directors and/or budget holders and approved by the Director of Resources.

4.5 General Virement rules

- No expenditure shall be incurred without appropriate budget provision and, if necessary, a virement should be undertaken to put this in place.
- No virement relating to a specific financial year can be made at the end of the financial year after the date specified in the timetable for the closure of the accounts.

4.6 Treatment of year-end balances

It is not permissible to transfer resources between accounting years (i.e. carry underspent budget forward for use in the following year or fund an overspend in the current year from next year's budget allocation).

4.7 Capital payments monitoring and control

The principles and framework for managing the revenue budget equally apply to the monitoring and management of individual capital budgets.

The scheme of virement does not apply to capital expenditure, as approval for this expenditure is given on a project basis.

Approval may be sought to utilise an under spend on one capital project to offset additional cost arising in relation to another approved project, provided that such an approval is formally pre-authorised by the SMT.

Where project costs have exceeded, or are anticipated to exceed the Council approved business case or the budget limit by **10%**, a report must be submitted to the Council by the Chief Executive and Registrar.

5. Accounting records and financial systems

5.1 Accounting records

The maintenance and retention of accounting records is a statutory requirement. The Council is legally required to retain certain documentation for six years. This includes all purchase orders, invoices, copies of receipts, tax records, bank statements and salaries and wage records.

The Director of Resources is responsible for determining accounting procedures and records, and for the compilation of all accounts and accounting records.

The Director of Resources shall have access to all records, documents, correspondence and explanations relating to any financial transaction of the Council.

5.2 Annual statement of accounts

The Director of Resources is responsible for ensuring that the Statement of Accounts is compiled in sufficient time for the Audit and Risk Committee to review and recommend approval to the Council to meet the publication timetable (and submission to the Privy Council and the Charity Commission as relevant).

The Council approves and publishes its accounts to present fairly the financial results of its activities during the year and, is responsible for approving and publishing those annual statements in accordance with The Opticians Act 1989, applicable law, United Kingdom Accounting Standards (UK Generally Accepted

Accounting Practice), and the Statement of Recommended Practise (SORP): Accounting by Charities 2005.

It is the role of the Audit and Risk Committee to review the statutory annual report and financial statements prior to their submission to Council for approval, focusing particularly on the Statement on Internal Control, changes in and compliance with relevant accounting policies and practice, unadjusted mis-statements, major judgmental areas, level of error identified, significant adjustments resulting from the audit and managements letters of representation and advise Council accordingly as to whether, when taken as a whole, they are a fair, balanced and understandable and provide the necessary information to assess performance.

The Director of Resources is responsible to the Chief Executive and Registrar and the Council, for ensuring that the annual statement of accounts are prepared in accordance with UK GAAP and other relevant accounting standards and statutory provisions.

The Head of Finance will prepare a timetable for the preparation of the final accounts and issue supporting accounting instructions. All Directors and staff must comply with the timetable and accounting instructions and supply any information requested.

The Chief Executive and Registrar as the accounting officer for the Council, and the Chair of Council, must sign and date the Statement of Accounts, confirming that the accounts present fairly the financial position of the GOC at the accounting date and its income and expenditure for the year ended 31 March.

5.3 Financial Systems

The Director of Resources, through the Head of IT, shall be responsible for the accuracy and security of the computerised financial data of the General Optical Council and shall ensure that:

- procedures are in place to protect data, programs and computer hardware from deletion or modification, theft or damage, or accidental or deliberate disclosure to unauthorised persons;
- appropriate controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness and timeliness of data, as well as the efficient and effective operation of the system;
- adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- adequate audit trail exists through the computerised system and that such computer audit reviews as necessary are carried out; and

- the Council remains compliant with the Data Protection Act 1998 and all other relevant legislation.

Changes to financial systems must be developed in a controlled manner and thoroughly tested prior to implementation.

The 'go live' sign off criteria, as defined by the Head of IT, must be complied with in respect of implementation or amendment to any financial systems operation.

All systems must be documented and backed up, and comprehensive disaster recovery and business continuity plans must be maintained to allow information system processing and all the functions of the General Optical Council to resume quickly in the event of an interruption.

The Head of IT will ensure that an adequate audit trail exists through the computerised system and that such audit reviews as the Directors may consider necessary are being carried out.

Where appropriate, computer systems will be registered in accordance with data protection legislation.

All relevant policies and guidelines for computer systems and equipment issued by the Head of IT will be observed.

6. Risk Management and Internal Control

6.1 Introduction

It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant strategic and operational risks.

6.2 Risk Management

Risk Management is concerned with evaluating the measures in place and the actions needed to identify and control risks effectively.

Responsibility for strategic risk management and ownership resides with the Council. Responsibility for overseeing the risk management arrangements is delegated to the Audit and Risk Committee. The Audit and Risk will advise Council on the organisation's overall risk appetite, tolerance and strategy, current risk exposures, the Executive's response to changes in risks and the organisations capability to identify and manage new risks and obtains assurance from the internal auditors and/or elsewhere that the arrangements in place are effective.

Operational risks are identified in departmental risk registers and managed within the operational plans for each directorate. Departmental risks identified as high will be raised to the corporate risk register.

6.3 Insurance

The Council is responsible for ensuring that proper insurance is in place for the General Optical Council. The Director of Resources is responsible for advising the Council on appropriate insurance cover. It is the role of the Audit and Risk Committee to review the organisations insurance cover to ensure that it is appropriate, relevant and best value.

Directors and Heads of Section must comply with all relevant insurance terms and conditions and notify the Chief Executive and Registrar and the Director of Resources immediately of:

- Any loss, liability or damage that may lead to a claim against the Council, together with any information/explanation required by the Directors or the Council's insurers.
- All new risks that require insurance and alterations affecting existing insurance (consulting the Facilities Manager on the terms of any indemnity that is required).

Employees, or anyone covered by the Council's insurance must not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

6.4 Internal Control

Internal control refers to the systems of control devised by management to help ensure the economic, efficient and effective use of resources, and that the Council's assets and financial interests are safeguarded.

It is the responsibility of the Director of Resources to assist the Council to put in place effective internal control systems. These arrangements need to ensure compliance with statutes and regulations, and other relevant statements of best practice.

The Audit and Risk Committee is responsible advising Council on the adequacy of various financial/risk management/internal control related policies which fall under the remit of the Committee as set out in their terms of reference

It is the responsibility of Directors and Heads of Section to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving financial performance targets.

Directors and Heads of Section need to ensure that members of staff clearly understand the consequences of lack of control and inadequate governance arrangements. They need to keep under review existing controls in the light of changes affecting the GOC and establish and implement new ones as well as removing controls that are unnecessary or not cost or risk effective.

6.5 Preventing bribery, fraud, money-laundering and corruption

6.5.1 Anti-bribery, fraud and corruption policy

The GOC has a zero-tolerance policy with respect to the giving or receiving of bribes, including the making of facilitation payments and will not tolerate any form of corruption. The Head of Governance is responsible for the development and maintenance of an anti-fraud and corruption policy, which is available on the GOC website, together with a public statement setting out Council zero-tolerance policy⁴.

Staff should report any suspected bribery, fraud, money-laundering or corruption in accordance with the investigation procedures set out in the Anti-bribery policy.

6.5.2 Gifts and Hospitality register and the Register of interests

Council, Committee and Panel members, Advisor's and Employees must not accept personal gifts, loans, fees, reward or advantage from contractors, service users or outside suppliers.

Acceptance of hospitality should be properly authorised, with due consideration being given to the timing of the hospitality in relation to decisions to be taken by the Council.

Staff should disclose immediately to the Chief Executive any personal interest in or benefit arising from, a transaction or financial arrangement involving the Council, including any interest in a business trading with the Council. All declarations of interest must be formally declared to, recorded and retained by the Governance team.

6.5.3 Whistleblowing Policy

The Council has in place a draft Whistle blowing Policy with guidelines on the raising and handling of complaints. This is available on the GOC website⁵.

6.5.4 Standards of conduct

The full responsibilities with regard to standards of conduct of staff and Members are set out in the staff policies and the Codes of Conduct.

⁴ https://www.optical.org/en/about_us/our-governance/index.cfm

⁵ https://www.optical.org/en/about_us/our-governance/index.cfm

6.6 Audit Requirements

6.6.1 External Audit

The Audit and Risk Committee makes recommendations to Council on the appointment, re-appointment and removal of the external auditors. The appointment or dismissal of the external provider of internal audit service is the responsibility of the Audit and Risk Committee.

External auditors have authority:

- a) to access all assets, records, documents and correspondence relating to any financial and other transactions;
- b) require and receive such explanations as are necessary concerning any matter under examination; and
- c) access records belonging to third parties, such as contractors, when required.

6.6.2 Internal Audit

The Director of Resources will ensure that there is an internal audit function which will review, appraise and report upon:

- The adequacy of the assessment and management of risk.
- The adequacy and application of financial and other related management controls.
- The adequacy of financial and other related management data.
- The extent to which the Council's assets and interests are accounted for and safeguarded from loss of any kind including from fraud and waste.
- Any other appropriate areas or activities as determined by the Audit Committee.

Internal audit is an independent and objective appraisal function, for reviewing the system of internal control. The internal auditors must adhere to proper practices in assessing the scope and adequacy of internal controls.

Internal auditors have authority:

- a) to access all assets, records, documents and correspondence relating to any financial and other transactions;
- b) require and receive such explanations as are necessary concerning any matter under examination;
- c) access records belonging to third parties, such as contractors, when required;

e) to directly access the Chief Executive and Registrar, The Audit and Risk Committee and Council.

The Director of Resources and the Audit and Risk Committee will approve the annual audit plan, which takes account of the characteristics and relative risks of the activities involved. The Director of Resources and the Audit and Risk Committee will also ensure that effective procedures are in place to investigate promptly any fraud or irregularities.

7 Control of resources

7.1 Assets

The GOC holds assets and these assets must be safeguarded and used efficiently in service delivery.

7.1.1 Safeguarding/ Security of Assets (Asset Register)

The Director of Resources is responsible for the Fixed Asset Register. The fixed asset register will be maintained by the Head of Finance for all items capitalised in accordance with these regulations.

It is the responsibility of the Heads of Section to provide the Director of Resources and Head of Finance with any information necessary to maintain the Fixed Asset Register. This will include confirmation and the location of moveable assets, which must be appropriately tagged and insured.

7.1.2 Disposal and write off of assets

The Director of Resources will arrange for the disposal of these assets in accordance with best practice. Assets will be disposed of at the most appropriate time, and only when it is in the best interest of the Council. Any disposal or loss of assets will be reported to the Audit and Risk Committee as part of exceptions reporting.

7.2 Inventories/Assets

The Facilities Manager will maintain inventories of all furniture, fittings and equipment and will carry out an annual review of all items on the inventory in order to verify location, review condition and take action in relation to surplus or deficiencies, annotating the inventory accordingly.

Attractive and portable items such as computers, cameras and video recorders must be identified with security markings.

7.3 Cash

7.3.1 Introduction

All money in the hands of Council is controlled by the Director of Resources and the Chief Executive and Registrar. The Director of Resources is responsible for providing assurance that the Council's money is properly managed in a way that balances risk with return, with the overriding consideration being given to security.

7.3.2 Banking and Petty cash account

The opening and closing of any Council bank account will require the prior approval of the Chairperson, Chief Executive and Registrar, appointed Council member and Director of Resources. Changes to bank mandates require signature by an A signatory (Chair, appointed Council member, Chief Executive and Registrar and a B signatory (SMT, Head of Finance). All changes to the banking mandates will be noted at the following Audit and Risk Committee meeting.

The Director of Resources will provide a petty cash account to meet minor expenditure on behalf of the Council and will prescribe rules for operating this account. The Head of Finance will determine the balance to be held in the petty cash account and will maintain a record of all transactions and cash advances made, and periodically review the arrangements for the safe custody and control of these advances.

The Head of Finance needs to ensure that:

- current bank accounts are reconciled monthly and signed off;
- all employees obtain and retain vouchers to support each payment from the petty cash account. Where appropriate, an official receipted VAT invoice must be obtained;
- employees produce cash and all vouchers to the total value of the petty cash amount requested;
- all transactions are recorded promptly;
- the account is reconciled and balanced on a monthly basis. The float is never used to cash personal cheques or to make personal loans and the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made; and
- a certificate/reconciliation of value/amount for the account held as at 31 March of each year is provided.

7.3.3 Responsibilities of credit card holders

Corporate cards may solely be used for expenses incurred on Council business and for no other purpose. All expenditure on monthly statements

should be correctly coded and authorised, and the statements and receipts must be received by the Finance department within 5 working days of the date of the statement.

7.3.4 Security of cash

Security of money in all its forms is important and arrangements for handling it shall be subject to the approval of the Director of Resources. The Head of Finance will ensure that there are adequate arrangements in place for the safe custody of the petty cash and ensure that all cash, cheques and credit card payments are held securely in a safe.

Petty cash may be handled only by staff who have been authorised to do so by the Director of Resources. The holding of cash must comply in all respects with the requirements of the Council's insurers.

7.3.5 Treasury or Investment Management Policy

Treasury management is an important aspect of the overall financial management of the Council. Treasury management activities are those associated with the management of the Council's cash flows and its investments. A fundamental aim is to effectively control the risk associated with these activities and to pursue best value, in so far as it is consistent with the effective management of risk.

Day to day decisions on investment, in line with the Investment Policy, are delegated by Council to the Director of Resources jointly with the Chief Executive and Registrar.

All funds held by the Council are administered by the Director of Resources, who will undertake all the investments or financing in accordance with the investment policy. All decisions on investment are delegated to the Director of Resources. The Investment Policy can be found on the GOC website⁶.

7.3.6 Loans to third parties

Loans provided to third parties include season ticket loans to employees and any other such loans only where in accordance with the Council's HR Guidance.

7.4 **Staffing**

The Director of Resources is responsible for ensuring that proper systems of staff appointment, training, performance, appraisal, remuneration and discipline are in place.

⁶ https://www.optical.org/en/about_us/our-governance/index.cfm

Directors are responsible for controlling staff numbers by developing budget proposals that are sufficient to cover estimated staffing levels in the year, and adjusting staffing as necessary to a level that can be funded within the approved budget.

The Remuneration Committee is responsible for reviewing and recommending to Council the payment of fees to members⁷. The Committee is also responsible for reviewing and recommending to Council the level of remuneration and payments to be made in relation to pensions, gratuities or superannuation schemes to the Senior Management Team⁸.

7.5 Intellectual property

Intellectual property is a generic term that includes inventions and writing. If an employee creates these during the course of employment then, they belong to the Council and not the employee.

Directors will ensure that members of staff are not carrying out private work in the Council's time and that staff are aware of the Council's right with regards to intellectual property.

Instances where intellectual property may be, or has been created, should be referred to the relevant Director.

8 Income and Expenditure

8.1 Income

8.1.1 Introduction

Effective income collection systems are necessary to ensure that all income due to the Council is identified, collected, receipted and accounted for properly.

It is the responsibility of the Directors to ensure that staff authorised to act on behalf of the Council, in respect of income collection are clearly identified.

8.2 Income Collection –Cash and Online Receipting

8.2.1 Cash

All monies received by a staff member on behalf of the Council shall be passed without delay to the Finance department for banking into the assigned bank account in the form it has been received.

⁷ Members are individuals who work with the GOC who are neither employees nor contractors (as defined by their contract with us).

⁸ The Senior Management Team includes the Chief Executive and Registrar, the Director of Strategy, the Director of Resources and the Director of Fitness to Practise.

Income cannot be used to cash personal cheques or other payments. Appropriate details are recorded on to the paying in slips to provide an audit trail.

At least two people must be present when opening the post, so that money received by post is properly identified and recorded. Money collected and deposited is to be reconciled to the appropriate bank account. A clear segregation of duty must exist between the person collecting money and person reconciling the bank accounts.

8.2.2 Online

The Director of Resources and the Head of Registration will ensure compliance with the Payment Card Industry Data Security Standards (PCI DSS). The PCI DSS are a set of guidelines covering all aspects of transaction security and data protection to help protect against fraud. Compliance with the PCI DSS is mandatory for processing credit card transactions online.

The Head of Finance must be notified of outstanding income relating to the previous financial year as soon as possible after 31 March, in line with the timetable for closure of the accounts.

8.3 Ordering and paying for work, goods and services

8.3.1 Introduction

Income must be spent with demonstrable probity and in accordance with the policies of the Council.

Every member of staff of the Council has a responsibility to declare any links or personal interest that they may have with suppliers or service providers if they are involved in purchasing decisions on behalf of the Council, in accordance with appropriate codes of conduct.

8.3.2 Ordering works, goods and services

All works, goods and services must be ordered in accordance with the Council's Procurement Rules. Standard terms and conditions must not be varied without the prior approval of the Director of Resources.

Official orders must be in the form approved by the Head of Finance. The approved route for ordering goods/services is currently via SAGE 200.

Orders must not be raised for any personal or private purchases; nor must personal or private use be made of the Council's contracts.

Official orders must be raised on SAGE 200 and issued to the supplier prior to receipting of the goods or services or commencement of work, with the exception of periodic payments for rent or rates, petty cash purposes or credit card purchases.

Orders for goods, services or work must be raised and authorised by the designated officers as identified by the Director of Resources in association with the Head of Finance. Staff authorised to approve orders, will do so within the limits of authority as set out by the Chief Executive Officer and the Director of Resources. An up to date list will be maintained by the Head of Finance.

The authoriser of an order must be satisfied that the goods and services ordered are appropriate and needed, that there is an adequate budgetary provision for the goods/services and that where required, quotations or tenders have been obtained in accordance with the Contracts and Procurement Policy (**which can be found in Annex C**).

8.3.3 Receipt of works, goods and services

Goods and services must be checked upon receipt to ensure that they are received in good order and in accordance with the order placed. Wherever possible, goods and services should not be received by the same person who approved the order, to ensure proper segregation of duties.

The receipt of goods must be recorded on the General Optical Council's SAGE 200 purchase order system in order to provide for approval to pay goods and services. SAGE 200 will automatically match the invoice when processed and payment will be made provided the goods/services have been receipted appropriately on SAGE 200.

If applicable, the inventory records should be updated.

8.3.4 Payment of suppliers

The Head of Finance and the finance team will make payment upon receipt of an original, certified copy or valid electronic VAT invoice that has been checked, coded and authorised confirming:

- the receipt of goods or services at the correct price, quantity and quality standards;
- the invoice has not been previously been paid;
- expenditure has been properly incurred and it is within the budget provision of the appropriate service department;
- prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices;
- discounts have been taken where available;
- the invoice is correctly coded; and

- the appropriate entries will be made in accounting records.

Payments will be made against a valid purchase order number quoted on the supplier's invoice.

In order to adhere to the requirements for segregation of duties the staff member checking and processing the invoice, should not be the same as the one authorising the payment.

The normal method of payment will be directly into the supplier's bank account via BACS. In circumstances where suppliers are unable to accept payment via BACS, cheques may be issued by the Head of Finance in accordance with the Scheme of Delegation for Financial Management. The use of same day payments will require the prior agreement of the Head of Finance and will be authorised in accordance with the Scheme of Delegation.

All appropriate evidence of the transaction and payment documents will be retained and stored in accordance with the Council's document retention policy.

Directors must notify the Head of Finance of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable for closure of accounts.

8.4 Contracts

8.4.1 Procurement

Contracts should be awarded in accordance with the Council's Contracts and Procurement policy which is available on the GOC website⁹. Master copies of contracts must be held in the Facilities Office.

8.4.2 Monitoring of Performance

It is the responsibility of the relevant Director to monitor the contractor's performance to identify error and /or misrepresentation.

8.4.3 Financial appraisal

All potential tenderers for contracts as defined by the Council should complete a pre-qualification questionnaire in accordance with the Contracts and Procurement Procedure.

⁹ https://www.optical.org/en/about_us/our-governance/index.cfm

8.5 Payment to Employees and Members

8.5.1 Salaries

Staff payment will be made in accordance with approved establishments and the pay policy.

The HR Manager, The Director of Resources and the Chief Executive and Registrar must be notified of all appointments, terminations or variations that may affect the pay or pension of an employee or former employee in the form and timescale required.

All appropriate payroll documents must be retained and stored for the defined period in accordance with the Council's document retention policy and schedule.

The Director of Resources and Head of Finance are responsible for all payments of salaries to staff and members.

The Director of Resources and Head of Finance will therefore:

- (i) arrange and control secure and reliable payment of salaries, wages, compensation, or other emoluments in accordance with the prescribed procedures on the due dates;
- (ii) ensure that there are adequate arrangements for administering pension matters; and
- (iii) record and make arrangements for the accurate and timely payment of tax, pensions and other deductions.

Directors must ensure that adequate and effective systems and procedures are operated, so that:

- (i) payments are only authorised to bona fide employees and members;
- (ii) payments are only made where there is a valid entitlement;
- (iii) conditions and contracts of employment are correctly applied; and
- (iv) employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

The Head of Finance must make sure that an up to date list of names of officers authorised to sign records are kept together with specimen signatures

The Head of Finance and HR Manager will advise upon the employment status of individuals employed on a self-employed consultant or sub-contract basis.

8.5.2 The Expenses policy: travel, subsistence and general expense claims

The Chief Executive and Registrar and the Director of Resources are responsible for the payment of expenses to staff and Members, and will therefore make arrangements for payment as set out by the guidelines in the General Optical Council's policy for Travel & Subsistence for staff & members. The Expenses policy can be found on the GOC website¹⁰.

8.6 Taxation

The Director of Resources and the Head of Finance are responsible for advising the Council on all taxation issues that affect it.

The Director of Resources and the Head of Finance are responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

9. External Arrangements

9.1 Partnerships

Partners are organisations that undertake, part fund or participate in a project with the Council; either as a beneficiary of the project, or because their nature or status gives them the right or obligation to support the project.

Contractual partnerships are arrangements between the Council and other parties that are governed by the terms of a contract. A Contractual partnership might be one where a payment is made by the Council to a partner to meet the cost of specific activities or outputs.

Non contractual partnerships are working arrangements between the Council and one or more other parties. They might take the form of a regular meeting to agree common policy, strategy or practice for all partners to follow as the basis for their own practice.

9.2 External Funding (Grants)

The Head of Finance needs to ensure that all funding notified by external bodies is received and properly recorded in the General Optical Council's accounts.

The Head of Finance must maintain the appropriate records that accord with the funding conditions, and make these available to the auditors as required.

9.3 Work for Third parties

Directors are responsible for approving the contractual arrangements for any work undertaken for third parties or external bodies.

¹⁰ https://www.optical.org/en/about_us/our-governance/index.cfm

Directors will comply with any guidance issued by the Director of Resources with regard to the financial aspects of third party contracts, and will ensure that the appropriate insurance arrangements are made. All contracts will be properly documented, and details are to be provided to the Head of Finance who will maintain a register of contracts.

Directors will provide information on the contractual arrangements to the Director of Resources in order that the appropriate disclosures can be made within the Council's annual statement of accounts.

10. Other key policies and documents

These financial regulations should be read in conjunction with the Council's other policy documents, relevant Acts and procedural guidance.

10.1 Human Resources

- HR guidance and the Staff Policies
- Recruitment and resourcing guidance
- Fees, Travel Accommodation and Subsistence Policy

10.2 Information Technology

- Corporate Retention Policy and schedule
- Information handling and security

10.3 Procurement

- Sage 200
- Contract and Procurement Policy
- Document retention and procedure rules
- Authorisation approval framework

10.4 Regulatory Framework

- Anti-Fraud and Corruption Policy
- Codes of Conduct (employees and members)
- Opticians Act 1989
- Risk Management Policy and strategy
- Scheme of Delegation for Financial Management
- Whistle blowing Policy
- Committee Standing Orders