

Financial regulations

Approved by the Council 20 May 2020

Trim 6876184

Contents

| | | |
|----|--|----|
| A. | Introduction | 3 |
| B. | Financial management and delegations | 6 |
| C. | Financial planning | 7 |
| D. | Management accounts and forecasts | 9 |
| E. | Income and expenditure controls | 9 |
| F. | Banking and financing, payments and receipts | 11 |
| G. | Other requirements | 11 |
| | Authority for financial commitment | 14 |

A. Introduction

1. The Nursing and Midwifery Council (NMC) is a statutory body and a registered charity. It was established by the Nursing and Midwifery Order 2001 ('the Order') which sets out the powers and functions of the Council. The Council has ultimate responsibility for ensuring that the NMC is financially sound and that there is effective financial management in place.
2. The Chief Executive and Registrar was appointed the NMC's Accounting Officer by the Privy Council and is accountable for the stewardship of the NMC's resources.
3. The purpose of the financial regulations is to:
 - 3.1. ensure that high standards of financial integrity are maintained at all times
 - 3.2. outline the financial responsibilities of NMC colleagues¹, and the policies adopted by the NMC to fulfil its financial control and legal obligations
 - 3.3. provide high level principles that guide planning and managing the NMC's finances and the proper use of resources and stewardship of assets.
4. The financial regulations are part of our governance arrangements and are supported by a range of policies, procedures and guides, in particular the Operational Guide to Finance². If any instance of conflict or ambiguity arises between the financial regulations and supporting documents, the financial regulations take precedence.
5. The financial regulations are set and approved by the Council, and they are consistent with the financial strategy. They are reviewed by the Council every three years and more frequently should circumstances require. In line with good practice, the appropriate operational managers should regularly update the supporting documents.
6. The financial regulations apply to all NMC colleagues. They are available on Trim, the intranet and Workplace. Failure to comply with the financial regulations, or instructions issued under them, may result in disciplinary action. All colleagues are responsible for understanding their responsibilities under these regulations and complying with them. Managers are responsible for ensuring that colleagues they manage receive appropriate training on the regulations, understand them and comply with them.
7. On joining the NMC, Directors and Assistant Directors who report directly to the Chief Executive and Registrar must sign a budget delegation letter confirming that they have read the financial regulations, and understand and accept their responsibilities.

¹ The regulations apply to Council and Committee members, permanent and fixed term employees, and temporary, interim, agency and contracted workers, collectively referred to in the regulations as "colleagues".

² TRIM reference **6876184**. Also available on Workplace in this [group](#)

8. It is not possible to cover every eventuality within these regulations. Where a particular circumstance is not specifically referred to and there is any doubt as to the correct course of action, guidance should be sought in the first instance from the Assistant Director of Finance and Audit.

Codes of behaviour

9. In addition to the financial regulations, the Nolan principles of public life apply to all of us in the way in which we conduct our financial management.
 - 9.1. The seven Nolan principles of public life are ethical standards that are expected of all those working in public services, such as the NMC, and are as follows:
 - 9.1.1. Selflessness - to act solely in terms of the public interest.
 - 9.1.2. Integrity – to avoid placing ourselves under any obligation to people or organisations that might try inappropriately to influence us in our work. Not to act or take decisions in order to gain financial or other material benefits for ourselves, our family, or our friends. To declare and resolve any interests and relationships.
 - 9.1.3. Objectivity – to act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
 - 9.1.4. Accountability – to be accountable to the public for our decisions and actions and to submit ourselves to the scrutiny necessary to ensure this.
 - 9.1.5. Openness - to act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
 - 9.1.6. Honesty - to be truthful.
 - 9.1.7. Leadership - to exhibit these principles in our own behaviour. To actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.
 - 9.2. We must also conduct our financial management in accordance with our values and behaviours: we're fair; we're kind; we're ambitious; we're collaborative. The Nolan principles map to our value of fairness, and the nature of the financial regulations, as a set of high level rules and processes, means that the value that is most relevant to them is fairness. The financial strategy is about objectives and outcomes and our other values – particularly kindness and collaboration – are reflected in the financial strategy.

Operational Guide to Finance

10. The Operational Guide to Finance provides detailed guidance on financial processes and controls, including the responsibilities of executive team members³, the Director of Resources and budget holders with respect to budget setting and budget monitoring and control.

³ Executive team members are the Chief Executive and Registrar and Directors

B. Financial management and delegations

11. The scheme of financial delegation is represented in the diagram below.



12. The Order, Standing Orders and scheme of delegation that set out the powers and functions of the Council and the terms of reference of committees are available on the website and from Governance.
13. Colleagues throughout the organisation have responsibilities that contribute to sound financial management and day to day operational effectiveness and efficiency. The Operational Guide to Finance includes a matrix of financial responsibilities that sets out the roles and responsibilities delegated down from the levels represented in the diagram above.
14. Delegated authority to commit the NMC to expenditure operates within set financial limits. Annexe 1 sets out the authority of the Council and Chief Executive and Registrar to commit the NMC to expenditure. The Operational Guide to Finance includes a framework of financial limits within which authority is delegated subsequently. No purchase order must be placed nor any other contractual or financial commitment made between the NMC and a supplier without the prior approval of those with appropriate delegated authority.

15. Budget holders must use their budgets for appropriate purposes. That means that spending must further departmental and organisational objectives, and must comply with these regulations, the Operational Guide to Finance, and the [Procurement Policy](#)⁴. More broadly, budget holders must use their budgets in a way that they could positively and confidently present to nurses, midwives and nursing associates as a good use of their money⁵.
16. If in doubt as to whether a use of funds is appropriate, budget holders should consult Finance and/or their own line manager.
17. A database of signatures of colleagues with delegated authority is maintained by Finance.
18. Colleagues with delegated authority are required to be users of the electronic finance and purchasing system in order to approve financial commitments.

C. Financial planning

19. Our financial strategy and our annual budgets follow from and enable us to deliver our organisational strategy and our corporate plans. They are set and monitored so that we have the resources required to deliver our objectives and regulatory activities, while maintaining financial sustainability and value for money.
20. The Council approves the organisational strategy, the financial strategy (which includes the fee policy), the investment policy and the reserves policy, which are updated at least every five years and reviewed every year. Council approves the corporate plan and the budget every year.

Budgeting

21. Multi year budgets, with a strong focus on year one, are set as part of the annual business planning and budget setting process.
22. The annual budget sets out overall income, revenue and capital expenditure, allocations to directorates and projects, the annual registration fee and the impact on reserves.
23. Directors have a performance objective to spend their budgets effectively with a tolerance of plus or minus 5 percent. There is no bias in favour of underspending. However, demand led regulatory functions, for example fitness to practise hearing costs, should normally not be limited solely in order to remain within budget.

⁴ <http://mynmc.nmc-uk.org/org/directorates/corpservices/Pages/Procurement-policy.aspx>

⁵ This relates to the concept of regularity and propriety. See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/212460/Regularity_Propriety_and_Value_for_Money.pdf

24. Although the budget presented to Council includes line by line detail for income and expenditure, the Chief Executive and Registrar has delegated authority to vire between those line items, subject to the following:
 - 24.1. Any forecast or proposal that means that we would exceed the budgeted aggregate total for the financial year of all directorate core business expenditure requires explicit authorisation by Council
 - 24.2. Any forecast or proposal that means that we would exceed the budgeted aggregate total for the financial year of all expenditure, including programmes, projects and capital expenditure, requires explicit authorisation by Council
 - 24.3. Council may seek an explanation for any line item in the budget or the management accounts.
25. If a budget holder wishes to make a commitment that would lead to their directorate's bottom line budget being exceeded, the budget holder must follow the process set out in the Operational Guide to Finance.

Business cases for major projects and programmes

26. We manage significant organisational change through a project management methodology developed and supported by our Corporate Change and PMO team. Projects and programmes require a business case to assess the options for achieving a given objective, the costs, benefits and risks for the different options, and determine which option represents the best value for money⁶.
27. An outline business case must be approved by Council if any of the following apply:
 - 27.1. Gross lifetime cost of the programme or project is £2m or more
 - 27.2. The change introduced by the project will have a significant impact on registrants or the public
28. A full business case must be approved by Council if any of the following apply:
 - 28.1. Gross lifetime cost of the programme or project is £5m or more
 - 28.2. The change introduced by the project will have a substantial impact on registrants or the public
 - 28.3. If Council, having reviewed the outline business case for a smaller project, ask for the full business case to be presented
29. Council approval is required before initiation of the project. Council re-approval via an exception report is required if it becomes clear that either the scope, the

⁶ Our project management methodology is consistent with the HM Treasury Green Book <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

budget, or the timeline in the previously approved business case / exception report will no longer be met.

D. Management accounts and forecasts

30. Monthly management accounts are prepared for all areas of activity, with forecasts updated quarterly. Management accounts will compare actual costs to budgeted costs on a department by department and line by line basis.
31. Quarterly, summarised management accounts will be presented to Council, including comparison of actual income and expenditure to budget and forecast and explanation for significant variances. The Council may request additional reports as required.
32. Budget holders are responsible for reviewing management accounts and understanding the causes of variances to budget, and being able to explain those variances to their manager or Council as appropriate.

E. Income and expenditure controls

Income

33. The fees we charge to nurses, midwives and nursing associates are set out in the Nursing and Midwifery Order 2001 (“the Order”) and the Nursing and Midwifery Council (Fees) Rules 2004 (“the Rules”). All fees to nurses, midwives and nursing associates must be charged in accordance with the Order and the Rules, and accounted for within the Registration system.
34. We do not normally charge for other services, but we need to be careful to ensure that we do not use registrants’ money to subsidise work that does not directly further our charitable objectives.
35. If colleagues are asked to provide a service to another organisation, they should consider whether we should charge a fee, and consult Finance if in doubt. If we do charge a fee, note that we are currently registered for VAT so we must charge 20 percent VAT on top of any fee for services. (Our fees to registrants are statutory fees and are therefore outside the scope of VAT, and no VAT is charged).
36. Debts may only be written off on the authority of the Chief Executive and Registrar, if over £10,000, or the Director of Resources, if under £10,000.

Expenditure

37. Payroll costs are controlled through the budget setting process and through procedures governing the appointment and remuneration of individual employees and temporary workers. Those procedures are set out on the HR iNet pages linked [here](#).

38. Colleagues must not commit the NMC to expenditure for goods or services without the prior authorisation of an appropriate budget holder.
39. Goods, works and services must be procured and/or purchased in accordance with our [Procurement Policy](#) and Operational Guide to Finance. The Procurement Policy requires competition for all contracts with an expected value above £10,000 including VAT. Exceptions to the policy (Single Tender Actions) are reported to the Audit Committee.
40. The authority to commit the NMC to financial expenditure via contracts with external suppliers is held by the Chief Executive and Registrar or Council according to the value thresholds identified in annexe 1. The Chief Executive and Registrar may further delegate his/her authority as set out in the Operational Guide to Finance.
41. In signing a contract or approving a purchase requisition, a budget holder is committing the NMC to expenditure. The budget holder must therefore satisfy him/herself before approving that
 - 41.1. The expenditure is necessary and good value for money
 - 41.2. The contract/requisition is clear and detailed enough in terms of what we expect the supplier to deliver, including prices, quantities and dates as appropriate
 - 41.3. The Procurement Policy has been complied with.
42. Evidence of compliance should be attached to the requisition in the electronic purchasing system.
43. Approved purchase requisitions generate a purchase order, which is a binding commitment to the supplier. The supplier will raise invoices against the purchase order.
44. The budget holder is responsible for ensuring that the goods or services that they have ordered have been satisfactorily delivered. When the budget holder has confirmed that the goods or services have been satisfactorily delivered and the supplier can be paid, they “receipt” the purchase order, which triggers payment of the supplier’s invoice.
45. Colleagues must comply with the Travel Policy when incurring travel and accommodation costs.
46. Corporate credit cards may be issued to colleagues with a relevant business need on the instruction of the relevant Assistant Director, Deputy or Director and with advice from Finance. Cardholders are responsible for the correct use of the cards as specified in the Purchasing Card policy available on Trim, the intranet and from Finance. The cards must only be used for the agreed purposes and not to circumvent the expenditure controls that would apply to other categories of spend.

Capital expenditure, fixed assets and disposal of assets

47. Capital expenditure is subject to the same budgetary, procurement, and ordering processes as operating costs.
48. The definition of a fixed asset is set out in the accounting policies reviewed annually by the Audit Committee. Such assets, including equipment, furniture and property are recorded in the fixed asset register.
49. The Director of Resources is responsible for maintaining the fixed asset register.
50. The disposal of obsolete or surplus equipment or furniture requires the prior approval of the Assistant Director of Finance and Audit if the net book value is less than £10,000 (collective value of items) and the prior approval of the Director of Resources or Chief Executive and Registrar if the net book value exceeds £10,000.

F. Banking and financing, payments and receipts

51. The Director of Resources is responsible for overseeing the banking arrangements of the NMC in accordance with the Investment Policy.
52. Any bank loan or overdraft facility must be approved by Council.
53. Any lease of land and buildings must be approved by the Council or a Committee of the Council with the power to agree a lease delegated to it by Council.
54. Other asset financing transactions, for example leases of office equipment, must be approved by the Director of Resources or Chief Executive and Registrar.
55. The Director of Resources/Chief Executive and Registrar is responsible for approving the bank mandate, that is, the list of colleagues authorised to approve bank payments. To ensure appropriate segregation of duties, authorised approvers must not have access to the accounting system.
56. Processes for preparing payment runs, and the evidence that must be presented to and reviewed by the payment authorisers, are set out in the Operational Guide to Finance.
57. We do not accept cheques or cash. All payments to the NMC must be made electronically. Registrants' fees are paid via NMC Online, by direct debit or by debit/credit card.

G. Other requirements

Risk management

58. The Council has a risk management policy and framework. Budget holders must manage financial risks in accordance with the framework.

Audit requirements

59. Access to the NMC's premises and to all assets, records, documents and correspondence relating to financial and other transactions must be provided and explanations given when required, to external auditors for the purpose of examining the NMC's accounts and to the internal auditor concerning any matter under examination.

Disclosure of interests and gifts

60. We are committed to transparency and openness in the conduct of our affairs.
61. Disclosure requirements for Council and non-Council committee members are specified in the NMC's code of conduct for members. The Assistant Director of Governance maintains the register of interests of Council and Committee members and the Executive team.
62. Colleagues must declare any interests they may have in matters they are dealing with in the course of their work at the NMC to their Assistant Director or Director and, where appropriate, must not be involved in matters in which they have an interest.
63. Colleagues taking part in tendering are required to make a conflict of interest declaration to the Head of Procurement.
64. Colleagues must report all gifts and significant hospitality offered to them in the course of their duties, including those that they decline. Gifts and hospitality are recorded on the gift and hospitality register held by Governance and may be published.

Fraud, bribery, corruption and whistleblowing

65. Colleagues must report any suspicions they might have of fraudulent or corrupt behaviour to the Assistant Director of Governance, Director of Resources, Chief Executive and Registrar or senior manager as appropriate.
66. The anti-fraud, bribery and corruption policy and the whistleblowing policy (public interest disclosure policy) are available on Trim and the intranet.

Insurance

67. Budget holders should promptly notify the Assistant Director of Finance and Audit of new or changing insurance requirements and of loss, liability, damage or an event that is likely to lead to an insurance claim.

Training and supervision

68. The Director of Resources is responsible for providing financial training to all relevant colleagues and ensuring that guides to financial procedures are available.

69. Managers are responsible, within their areas, for the proper operation of financial procedures, and the effective operation of the matrix of financial responsibilities contained within the Operational Guide to Finance.

Authority for financial commitments

| Item | Council | Chief Executive and Registrar |
|---|---|--|
| <p>Contract or commitment, where the proposed contract, variation or extension, or commitment has been notified to Council as part of the annual budget setting process:</p> <ul style="list-style-type: none"> • contract award recommendation • contract variation or extension • form of agreement that would bind the NMC to a financial commitment | Lifetime value inc VAT ≥£2 million | Lifetime value inc VAT <£2 million |
| <p>Contract or commitment, where the proposed contract, variation or extension, or commitment has not been notified to Council as part of the annual budget setting process:</p> <ul style="list-style-type: none"> • contract award recommendation • contract variation or extension • form of agreement that would bind the NMC to a financial commitment | Lifetime value inc VAT ≥£500k | Lifetime value inc VAT <£500k |
| Full business case for a major project or programme | Lifetime gross cost inc VAT ≥£5 million; or Substantial impact on registrants or the public | Lifetime gross cost inc VAT <£5 million No substantial impact |

| Item | Council | Chief Executive and Registrar |
|--|---|--|
| <p>Outline business case for a major project or programme</p> <p>Council, having reviewed the outline business case, may also ask for the full business case to be presented</p> | <p>Lifetime gross cost inc VAT \geq£2 million</p> <p>Or</p> <p>Significant impact on registrants or the public</p> | <p>Lifetime gross cost inc VAT <£2 million</p> <p>No significant impact</p> |

As part of the annual budget setting process, the Executive will prepare a schedule of new or renewed contracts, contract variations or extensions, or financial commitments with an expected lifetime value greater than £500k including VAT that are expected to be entered during the coming financial year. The schedule will be included in the budget paper presented to Council for approval.

In relation to items included on that schedule, the Council must give prior approval for any commitment of sums of an aggregate value over £2 million at a meeting. Exceptionally, approval of expenditure of sums of an aggregate value over £2 million but less than £5 million may be given by the Chief Executive and Registrar together with two Council members one of whom must be the Chair. Any such commitments must be reported to the next meeting of the Council.

In relation to items that were **not** included on that schedule, the Council must give prior approval for any commitment of sums of an aggregate value over £500k at a meeting. In relation to items that were not included on that schedule, exceptionally, approval of expenditure of sums of an aggregate value over £500k may be given by the Chief Executive and Registrar together with two Council members one of whom must be the Chair. Any such commitments must be reported to the next meeting of the Council.

Where an urgent decision is required, approval can be provided by correspondence as provided for in the Council's Standing Orders.

Items requiring Council approval should be approved by the full Council, or exceptionally by the Chair on behalf of the Council.