



Financial Regulations 2024

CORPORATE





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Overview

RCN Council is ultimately responsible for ensuring that all members of the RCN Group operate within an effective governance and control framework. Whilst it is acknowledged that individual group entities operate within different regulatory framework, wherever it is legally and practically possible all group entities will apply a consistent group wide framework.

The RCN Financial Regulations were first published in September 2012, and have undergone annual light touch reviews since then. Since 2015 the RCN Group has endeavoured to work closer together to ensure that the synergies of the group are realised.

This version of the financial regulations is a light touch review concentrating on any legal, structural or description changes which need to be reflected within this document. Fundamentally there are no changes to the provisions contained within the document.

RCN Standing Order 25.1 requires Council to keep true and accurate books of account. This requirement is discharged through a set of formal documents which sets out the key tasks and responsibilities of Council both as governing body of the Group and also the RCN and the processes and rules to be followed by all those operating for or on behalf of Council.

The Regulatory Compliance Framework sets out the statutory requirements and obligations of Council, and which ET member is charged with ensuring they are met. This document is used to provide assurance to Council through the Chief Executive and General Secretary that these obligations are met in a timely and satisfactory manner.

The Scheme of Delegation sets out the tasks and responsibilities of Council, its Committees, Boards, Branches and management.

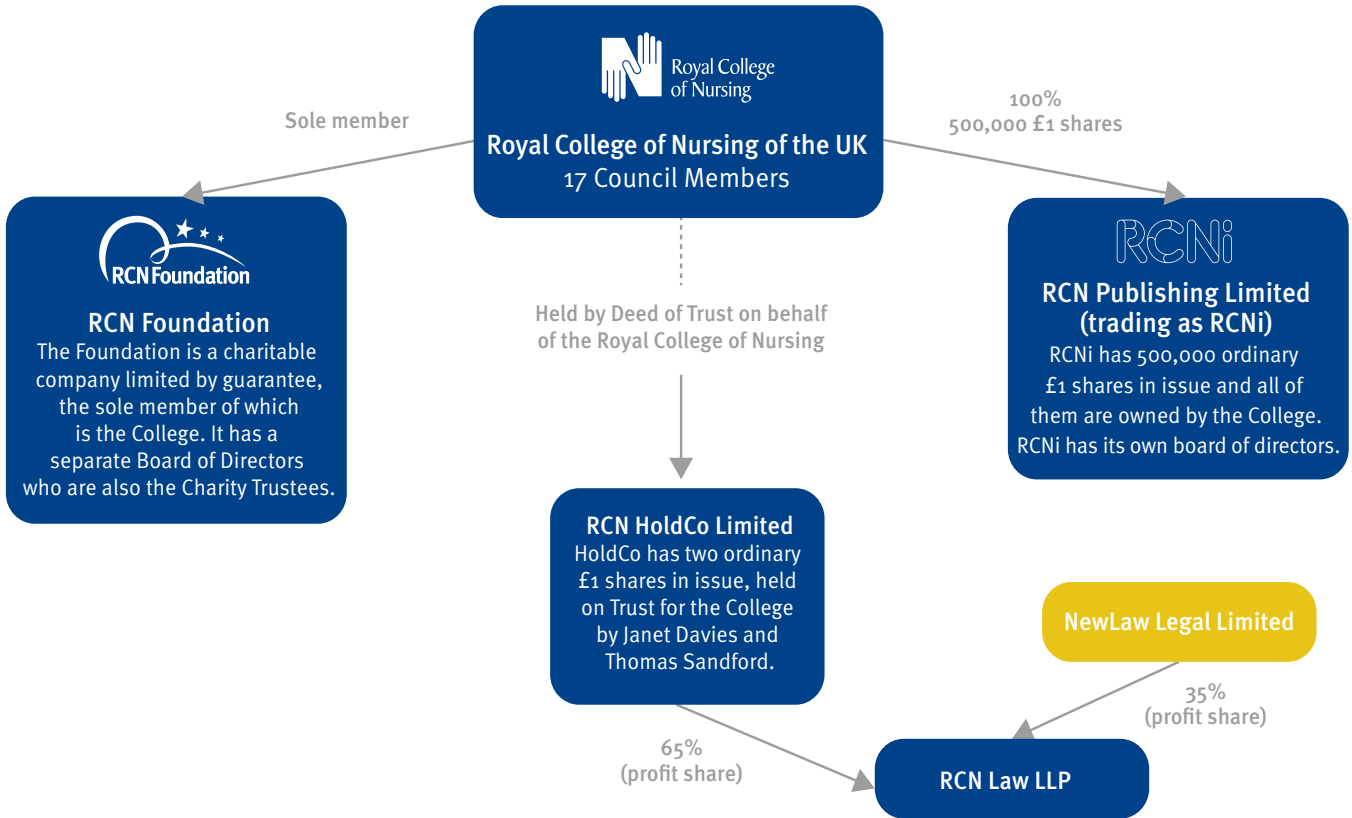
The Financial Limits sets out the financial responsibilities and thresholds of each of the delegated governance groups.

Underpinning the Scheme of Delegation are the Financial Regulations (this document). This sets out the rules and processes that the RCN Group must follow in order to maintain effective controls. The emphasis is key principals / controls and accountability.

Underpinning the Financial Regulations are detailed policies and procedures. It is these documents which set out the detailed rules and processes to be followed. Links to relevant policies and procedures can be found under “linked documents” within each section.

All staff should familiarise themselves with the Scheme of Delegation, Financial Regulations and relevant policies and procedures and in particular the changes we have made.

Royal College of Nursing Group structure and relationships



1. Introduction

1.1 Purpose

- 1.1.1** These Financial Regulations set out the framework within which the RCN Group conducts its financial affairs. They cover the full range of the RCN Group's financial functions and processes and describe the financial controls which apply to all RCN Group activity.
- 1.1.2** Their purpose is to provide control over the totality of the RCN Group's resources and provide those who govern, and management, with assurance that the resources are being properly applied for the achievement of the RCN Groups strategic plan and business objectives, taking due account of:
- financial viability
 - value for money
 - controls over the use of members and other funds
 - safeguarding the RCN Group assets.

1.2 Scope

- 1.2.1** The Financial Regulations apply to all staff within the RCN Group, including members of the Executive Team, managers, budget holders and those with specialist roles in Finance or other teams. They apply to all of the activities of the RCN Group, including those which are externally funded.
- 1.2.2** All members of staff must ensure that they are aware of the RCN Group's financial regulations as far as they relate to their role, including the policies for expenses, travel and corporate credit cards and the values of purchases for which quotations and tenders are required. Heads of Departments must ensure that their staff are aware of the provisions in the Financial Regulations affecting their role, and are kept up to date with any relevant changes.
- 1.2.3** A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action. The Council will be notified of any material breach through the Audit Committee.

1.3 Group

- 1.3.1** The RCN Group consists of RCN UK as the parent company with RCNi, RCN Foundation and RCN Holdco as subsidiaries. These regulations will apply to all RCN Group members unless stated otherwise. RCN Foundation as a registered charitable company follows regulation and guidance as set as set out by the Charity Commission, they therefore have their own set of financial regulations which is attached at Appendix A to this document.

1.4 Entity

- 1.4.1** Each entity will still retain its own governance and reporting structures which are accountable for ensuring that they meet their own specific regulatory and strategic objectives. For further details please refer to their individual websites for their governing documents.

1.5 Structure of documents

- 1.5.1** The Financial Regulations are organised in three parts which cover the following:
- Accountability and Structure
 - Compliance and Controls
 - Policy and Processes
- 1.5.2** Each section is structured to show:
- The key principles/control issues
 - Main responsibilities:
 - this focuses on the roles of ET (Executive Team's for each entity), Senior Managers and their delegates (including budget holders)
 - it highlights the key roles and responsibilities of Finance, but much of the detail will be set out in procedure notes
 - it does not, however, cover all of the responsibilities of Council and its committees – these are contained in the Scheme of delegation and committee terms of reference - it highlights where things should be referred to Council or one of its committees

1.6 Supporting documents

- 1.6.1** The Financial Regulations underpin the Scheme of Delegation.
- 1.6.2** Supporting both the Scheme of Delegation and the Financial Regulations is the Financial Limits.
- 1.6.3** These Financial Regulations should be read in conjunction with the more detailed policies, guidance and procedure notes covering specific areas.
- 1.6.4** More detailed Financial Procedures to support these Regulations are available on the RCN Intranet. They will be updated from time to time by the Chief Financial Officer.

1.7 Process for changes to this document

- 1.7.1** This document is reviewed annually to ensure its contents remain relevant, compliant with statutory and regulatory requirements and are fit for purpose. Any changes arising will be reviewed by Audit Committee before submission to entity boards and Council for final approval.
- 1.7.2** From time to time there may be necessity to make changes to the document in year. Any changes which impact responsibilities or approval limits or fundamentally alter any of the principles outlined in this document must be approved in the same way as changes arising from the annual reviews. Changes in year are rare and would normally occur if there were a change to a statutory or legal requirement. Most other changes can be managed as part of the annual review process.

SECTION A

Accountability and Structure



2. Roles and responsibilities

2.1 Governance

2.1.1 RCN Council

- the RCN Council is the governing body for the RCN Group. It is responsible for the overall governance of the RCN Group and ensuring that it meets its statutory purposes. It sets the strategic direction of the Group and has ultimate responsibility for its long term financial sustainability.
- the general powers of the Council, including its financial powers, are set out in the Royal Charter and rules, Standing Orders and Regulations.
- the Council is supported in its role by governance committees who oversee the Group, including:
 - **The Finance and Investment Committee**
 - **The Audit Committee**
 - **The Remuneration Committee**

Linked Documents

The Scheme of Delegation sets out which of those powers Council delegates and which are reserved to itself.

2.1.2 RCNi Board of directors

The RCN Publishing Company Ltd is a wholly owned subsidiary of the RCN. RCNi is the trading name of the RCN Publishing Company Ltd and will be referred to as RCNi in this document. The RCNi Board of Directors is the governing body for RCNi. The Articles of Association set out its remit and governance arrangements. Its working agreement is set out in a memorandum of association. RCNi exists to support the delivery of the RCN objects.

2.1.3 RCN Holdco Board of Directors

RCN Holdco has two ordinary shares which are held on trust for the RCN. RCN Holdco Board of directors is the governing body for RCN Holdco. RCN Holdco has entered into a joint venture with New Law Legal Ltd called RCN Law LLP, which provides personal injury claims to RCN members and certain other legal services.



2.1.4 RCN Foundation Board of Trustees

RCN Foundation is a registered company limited by guarantee and registered charity. RCN is its sole member. RCN Foundation Board of Trustees is the governing body of RCN Foundation and have clear statutory responsibilities set out by the charity commission. Because the RCN Foundation is a registered charity, the RCN as the parent in the RCN Group takes on a quasi-trustee role and has a legal duty to support the RCN Foundation to deliver its charitable objects.

2.2 Management

2.2.1 Chief Executive and General Secretary

The General Secretary and Chief Executive (referred to throughout this document as GS/CE) is responsible for discharging Council's policies and for the day to day running of the RCN, including all matters delegated to the Executive Team in the Scheme of Delegation.

2.2.2 Executive team (collective)

- the **Executive Team** comprises of the General Secretary and Chief Executive, Chief Nursing Officer & Deputy Chief Executive, Chief of Staff, Chief Financial Officer, Chief People Officer, Executive Director of RCN England, Executive Director of RCN Northern Ireland, Executive Director of RCN Scotland and Executive Director of RCN Wales, Executive Director of Legal and Member Relations, and Executive Director of Governance and acts together to support the GS/CE in their areas of delegated authority.
- the Executive team is jointly responsible for the day to day operation of the RCN and in particular leading the development of the strategic and annual plans, recommending the annual budget to the Finance and Investment Committee and Council, monitoring performance and delivery against the annual plan, and overseeing risk management and compliance arrangements.

2.2.3 Executive team (individual)

All **Executive Team** Directors are individually responsible for the day to day management of their Directorates. They in turn may delegate authority to appropriate Senior Managers. These delegations will normally be documented in the relevant job descriptions. Key responsibilities in relation to Financial Regulations are detailed below under 'Senior Managers'.

2.2.4 Chief Financial Officer has both a group and RCN specific role.

- overseeing RCN Group & RCN Financial Strategy
- oversee the RCN Group and RCN Investment Strategy
- leading the RCN Group annual planning and financial management process
- reporting on progress against budgets (RCN Group and RCN) and all aspects of Group and RCN financial performance
- managing the financial implications of all RCN pension schemes (RCN Group)
- advising ET and Council on commercial decisions affecting the RCN & RCN Group
- advising ET and Council on the financial implications of purchase / sale of assets including property (RCN & RCN Group)
- ensuring that the RCN Group maintains satisfactory financial control systems
- leading RCN Group procurement strategy and advising on value for money
- leading the preparation and presentation of the RCN and RCN Group annual report and accounts
- advising ET and Council on the financial implications of any major developments (RCN & RCN Group)

2.2.5 Chief People Officer has the following key roles in relation to Financial Regulations.

- maintaining standard conditions of employment (RCN)
- issuing guidelines for any changes to the structure of the RCN (oversight of other group entities)
- issuing guidance on the recruitment and appointment of staff and consultants, re-grading, hiring agency staff and changes in any aspect of remuneration (RCN)
- approving all staff appointments and amendments to payroll (RCN)
- validation of RCN staff budgets
- in addition, the People and OD department will ensure through induction on appointment that all RCN Group staff are made aware of the need to comply with the Financial Regulations.

2.2.6 Managing Director RCNi

Is responsible for the day to day running of RCNi and works with the Executive Director of Governance to ensure the company maintains an appropriate governance and control framework in accordance with these and other relevant regulations including any statutory requirements. The Managing Director reports to the Chair of the RCNi Board and is accountable through the RCNi Board for discharging Council's policies as set out in the Scheme of Delegation.

2.2.7 Director of Foundation

Is responsible for the day to day running of RCN Foundation and is accountable to the GS/CE for ensuring the charity maintains an appropriate governance and control framework in accordance with these and other relevant regulations including those set down by the Charity Commission and other statutory requirements. The Director of Foundation is accountable through the RCN Foundation Board for discharging Council's policies as set out in the Scheme of Delegation.

2.2.8 RCN Head of Finance

- has delegated Group responsibility
 - preparing RCN Group report & accounts and other statutory returns
 - group VAT returns
 - group payroll & pension payment processing
- has delegated responsibility for the day to day financial operations for the RCN and via an SLA RCN Foundation and RCNi including:-
- coordinating the annual budget process
- compiling monthly management accounts and reviewing proposed actions to deal with variances
- providing professional advice on all financial matters, including support and advice to Senior Managers and budget holders
- receiving monies and making payments in accordance with authorised instructions and keeping accurate accounting records of all income and expenditure
- preparing the RCN's annual accounts, and other financial statements
- ensuring that the RCN maintains satisfactory financial systems
- ensuring that financial procedures provide adequate financial controls
- coordinate all tender processes and maintaining a register of tenders
- advise on any proposals for income generation
- overseeing the creation and closure of all bank accounts
- managing the administration and day to day processes relating to any loans and short-term cash deposit arrangements
- ensuring that adequate training and guidance is available to budget holders and other staff to enable them to fulfil their financial responsibilities.

- where the Finance Departments in Northern Ireland, Scotland and Wales fulfil some or all of the above functions, they are responsible for ensuring that an appropriate financial control environment exists in line with the procedures laid down by the Head of Finance
- where in this document reference is made to either the Finance Department or the Business Accounts Team this is taken to include all finance functions across the RCN Group

2.2.9 RCN Executive Director of Governance

The RCN Executive Director of Governance has a key role in ensuring the Group's proper compliance with its legal and statutory obligations and follows good practice.

2.2.10 RCNi Sales and Marketing Director

RCNi Sales and Marketing Director working closely with the Managing Director RCNi, proposes RCNi financial and commercial strategy to the RCNi Board, in accordance with the overall RCN Group strategies.

2.2.11 Senior Managers (All)

Senior managers across the RCN Group who are normally, but not exclusively, Heads of Departments are responsible for financial management for the areas or activities they control. They are responsible for ensuring that the resources controlled by their teams are used efficiently and effectively and are managed in accordance with the RCN Group's Financial Regulations. In particular they are responsible for:

- preparing and monitoring budgets
- ensuring that there are clear lines of responsibility within their department or team for all financial matters, with adequate segregation of duties and checks to ensure that the RCN Group's financial records are accurate and complete
- ensuring that staff are aware of and comply with Financial Regulations
- ensuring that there are adequate arrangements to safeguard all assets in their control
- providing the Head of Finance with such

information as is required for the financial planning, management accounting and financial reporting in a timely manner

- implementing approved audit recommendations
- Senior Managers may delegate day to day responsibility for some or all of their budgets to members of their team but they will retain overall responsibility and accountability for performance and compliance with these Financial Regulations and underpinning policies

2.2.12 Staff (All)

- all members of staff have a general responsibility for the security of the RCN Group's property, for avoiding loss and misuse and for economy in the use of resources
- they must ensure that they are aware of the RCN Group's Financial Regulations as far as they relate to their role, including the policies for expenses, travel and corporate credit cards and the values of purchases for which quotations and tenders are required
- they should immediately notify the **Chief Financial Officer** whenever any matter arises which involves, or is thought to involve, irregularities concerning the RCN Group's cash, property or other resources. The process to follow with regard to any suspected fraud or irregularity can be found under section 4.6 of this document
- a member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action

3. Group structure, new companies/charity, joint venture

- in accordance with the RCN Charter any changes to the RCN Group Structure must be approved at a formal meeting of Council and by the membership at an AGM
- any such proposal would need Executive Team consideration and agreement in the first instance
- a change to the RCN Group structure can include but is not limited to creating or disestablishing a subsidiary, a joint activity with a third party or an investment in a third party

3.1 Subsidiaries and other group entities

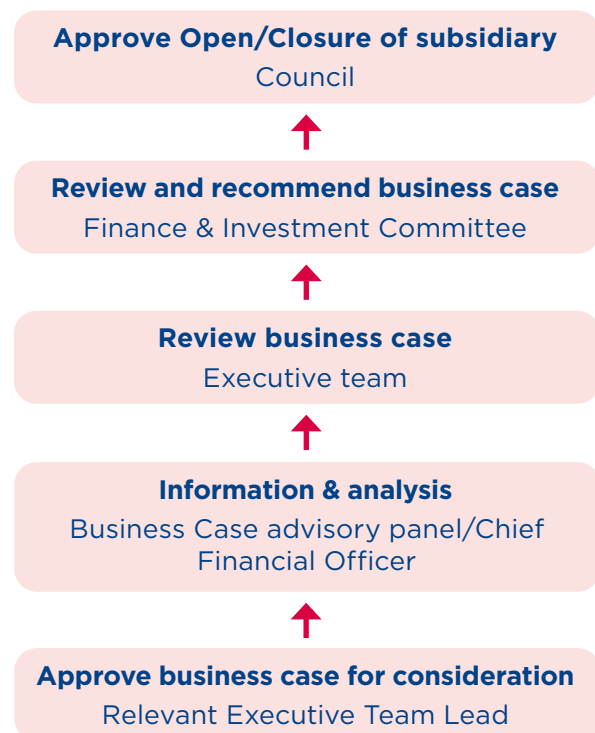
Key principles

- all RCN subsidiary entities have their own board of Directors
- performance of subsidiaries is reported to Council, through Finance & Investment Committee
- the decision to create or dissolve an RCN Group entity will require a business case which includes cash flows and implications connected to the decision e.g. TUPE arrangements, other contractual arrangements
- new entities will be considered if it is considered to be efficient from a business point of view to hold certain activities outside the RCN
- all entities will be accountable to ET, Finance & Investment and Audit Committees and ultimately Council
- all entities will, as far as is practical follow RCN Group policies and processes

Responsibilities

Council is responsible for creation and closure of all RCN entities on recommendation from **Finance & Investment Committee**. The **Executive Team** are responsible for developing a business case for the creation or closure of a subsidiary for **Finance & Investment Committees** consideration. **The Chief**

Financial Officer is responsible for overseeing the development of any business case and ensuring all financial implications are considered. The **Head of Finance** is responsible for the provision of accurate and informative analysis and reports to support any business case. **Senior managers/relevant directors** are responsible for providing finance with appropriate and timely information to support and underpin any business case proposed. All business cases will be submitted through the business case process and reviewed by the Business Case Advisory panel before submission for approval.



3.2 Transfer of delivery of member/customer services & products between group entities

There may be a necessity to transfer the provision of a specific activity from one part of the RCN Group to another. Any such change must comply with statutory and internal RCN Group policy as appropriate. You must consult with People and OD and Finance prior to

undergoing any changes to ensure compliance with Employment legislation and HMRC regulations.

3.3 Working together – intergroup arrangements

Key principles

- all parts of the RCN Group are required to work together to ensure the achievement of the RCN Group strategy
- individual group entities should not undertake activities which are in direct competition with another member of the RCN Group unless given express written permission to do so by RCN Council
- cross entity working is encouraged and all such activities must follow and comply with appropriate statutory and RCN Group policy and process
- financial transactions between group entities must follow appropriate accounting convention and will normally be undertaken via appropriate invoicing methods
- all intragroup services and supply must follow the provisions set out in the individual service level agreements and subject to agreed transfer pricing policy where appropriate

Responsibilities

Council is ultimately responsible for the effective intragroup relationships between RCN Group members through the approval of clear and effective facilities agreements. Directors and senior managers are responsible for ensuring all intragroup activity is carried out in accordance with best practice and in the best interests of the RCN Group. **The Chief Financial Officer** is responsible for ensuring all facilities agreements are reviewed regularly to ensure they remain fit for purpose and relevant. **The Head of Finance** is responsible for the maintenance of mechanisms and process to ensure all intragroup financial transactions are appropriately reported and accounted.

SECTION B

Compliance and Controls



4. Strategy, compliance and performance

4.1 Group Strategy and Plans

- All group entities contribute to the Group Strategy. Individual entity strategies will underpin the Group Strategy
- the Boards for RCNi, RCN Holdco and RCN Foundation approve their individual strategies before Council review them to ensure they contribute and do not deflect from the overall group strategy

4.2 Group Financial Strategy

Key principles

- to underpin the group strategy, a Group Financial strategy will also be developed. The Group Financial Strategy will be supported by individual entity strategies which are in line with the overall strategy yet meet the requirements of the individual entity
- the financial strategy is reviewed annually based on future projections of income streams and anticipated activity and service provision
- the financial strategy will normally project financial performance based on agreed assumptions three years into the future
- the annual financial strategy identifies the financial assumptions to be used in the preparation of budgets and operational plans
- financial implications of capital programmes must be incorporated into the financial strategy as appropriate

Responsibilities

- **Council** approves the RCN and RCN Group strategic plan, financial strategy, budgets and priorities; and monitors performance against plans. The **Chief Financial Officer** and **Executive Team** will prepare the financial strategy and budgets and plans. The **Head of Finance** is responsible for collating and reviewing information and assumptions used to develop the financial strategy and budgets
- the **Boards for RCNi, RCN Holdco and RCN Foundation** approve their individual strategies before **Council** review them to ensure they are in line with and contribute, as appropriate, to the overall group strategy



4.3 Group Investment Strategy

Key principles

- the RCN Group's investment strategy is developed to underpin the financial strategy and ensure cash and reserves of the RCN Group are both safeguarded and utilised effectively to achieve its objectives
- both the Group and individual entity investment strategies are reviewed regularly in line with required funding needs and Group and individual entity reserves policy
- investment performance against targets will be monitored quarterly, investment managers working on behalf of the RCN will be accountable to Council through the Finance & Investment Committee. Investment managers work on behalf of other group members through their respective boards
- whilst all RCN Group investments should comply with the objectives and values of the RCN Group, it is recognised that the RCN Foundation Board of Trustees have obligations under charity SORP with which they must comply

Responsibilities

Council will approve the Group and RCN investment strategy. **Finance & Investment Committee** will develop and review the Investment Strategy with advice and assistance from professional advisers, as appropriate. Individual entity investment strategies are developed and reviewed by their respective Boards, any proposed changes must be approved by **Council**.



4.4 Group Reserves policy

Key principles

- as part of the work to develop the Group strategy and financial strategy, a Group reserves policy will also be developed. The Group reserves policy will be supported by individual group entity policies which are in line with the overall policy yet meet the requirements of the individual entity
- reserves policies are reviewed annually as part of the financial strategy, future reserves are based on the achievement of projected budgeted results
- the reserves policy incorporates known and projected organisational commitments and liabilities including, but not exclusively, the risks around the RCN Pension Scheme and the provision of indemnity cover to members
- action should be taken to rectify any potential deviation from the reserves level agreed immediately it is identified unless otherwise agreed by Council

Responsibilities

- **Council** sets the RCN Group and RCN reserves policy based on recommendation from **Finance & Investment Committee**. The **Chief Financial Officer** and **Executive Team** are responsible for monitoring reserve levels and identifying potential financial risks. The **Head of Finance** is responsible for providing appropriate information and analysis
- **the Boards** of individual group entities are responsible for setting, in line with the RCN Group reserves, their reserves policy and reporting to **Council** through the **Finance & Investment Committee**, any potential deviation from the policy and actions to be taken to rectify the matter



For the current reserves policy contact the Head of Finance on 0207 647 3515.

4.5 Regulatory Compliance Framework

Key principles

- Council should satisfy themselves that all relevant and applicable guidance and legislation are complied with by setting and reviewing a Regulatory and Compliance Management Framework
- framework must ensure all RCN's statutory obligations as a Royal College and Trade Union are fulfilled effectively and in line with regulatory requirements
- framework must also ensure all RCN Group entity's statutory obligations are fulfilled effectively and in line with appropriate regulatory requirements
- Audit Committee review the RCN Group regulatory compliance framework on an annual basis
- details of requirements to comply with all relevant legislation and guidance is documented and owned by an appropriate party within the RCN Group
- GS/CE on receipt of annual certificate of compliance from framework owners provides overall annual certificate of compliance to Council

Responsibilities

Council is responsible for ensuring the RCN Group complies fully and appropriately with all its statutory and regulatory responsibilities. **Audit Committee** reviews the regulatory compliance framework annually and suggests amendments to Council as necessary. **Executive Team, RCNi Managing Director and Director of Foundation** are responsible for ensuring compliance with their areas of responsibility.

Linked information

[The Regulatory Compliance Management Framework](#)

4.6 Whistleblowing and Fraud Policies

- Council is responsible for developing and maintaining an RCN Group fraud policy. Any Council member, RCNi Board member, RCN Foundation Trustee, RCN Office holder, member of staff, or RCN member who suspects fraud should notify immediately the GS/CE, Chief Financial Officer, Executive Director of Governance, Chair of Council or contact the RCN Group's external audit partner as appropriate. The RCN Group operates a whistleblowing policy for members which can be found within MyRCN and on the RCN website. A staff policy is available on the RCN Intranet
- there is no specific bribery policy within the RCN Group but it is felt that all elements of the bribery offence are fully covered in our HR and other policies and procedures

Linked information

Conflicts of interest/Gifts & Hospitality Policy: RCN office holders including RCN Representatives, Council, Board and Committee Members

RCN Group Declaring interests' policy (including gifts & hospitality) – Staff

Whistle blowing policy (raising concerns) - Staff

Policy and process on whistleblowing for Council, boards, and committees

RCN Group Anti Bribery, Corruption and Fraud Policy – for staff and elected members in the governance structure

RCN Group Anti Money laundering Policy – for staff and elected members in the governance structure

-

4.7 Group Risk Register

- RCN Council, RCNi Board and RCN Foundation Board are responsible for developing and maintaining an RCN Group risk policy and register. They delegate operational management of the Group risk register to the General Secretary and Chief Executive. The Group Audit Committee review the Group business risks at each meeting, in line with the Group risk framework and policy and assure themselves of compliance with Group risk management framework. After review by the Group Audit Committee, the business risks are presented to the RCN Council, RCNi Board and RCN Foundation Board
- The governing body of each RCN Group entity are responsible for maintaining and monitoring their respective risk registers and escalating as appropriate through the RCN Group Audit Committee.

Linked information

Risk register

4.8 Group Reporting Framework

Key principles

- The RCN Group operates a 31st December accounting period year end.
- all financial transactions must be processed through the approved finance system to ensure that proper, auditable records are kept
- all accounting records must be accurate and timely
- robust control processes must be in place, reviewed and updated regularly
- the respective Boards of RCNi, RCN Holdco and RCN Foundation are responsible for ensuring their respective annual report and accounts comply with relevant legislation and regulation and are appropriately audited

- RCN Group annual report and accounts must comply with relevant legislation and regulation, be audited, and formally approved by Council before being submitted to the Annual General Meeting (**AGM**)
- Finance year end template and guidance notes are issued by the Finance Department annually

Responsibilities

Council must take appropriate measures to satisfy themselves all RCN Group accounting records are accurate and controls are in place. **The Chief Financial Officer** is responsible for overseeing preparation and maintenance of accurate accounting records and control processes. **The Head of Finance** is responsible for the day to day management of accounting records and controls.

Linked information

Annual Accounts (includes accounting policies)

4.9 Tax & Statutory Returns

4.9.1 Corporation Tax

- all RCN Group entities start with a default position of being liable for corporation tax and must submit an annual tax return regardless of whether any tax is due
- the RCN has been granted “Mutual Trading” status by HMRC so income received from members may not be liable for corporation tax, other income will be liable for corporation tax
- RCN Foundation has been granted a charity exemption by HMRC under which it is not required to submit an annual tax return, however it may be randomly asked to do so as requested by HMRC
- all profits derived from RCNi and RCN Holdco may be liable for corporation tax
- all income must be properly accounted for and appropriate HMRC rules applied

- where appropriate income received directly from members (RCN only) should be identified separately from income generated from third parties or non-members
- as RCN’s tax status is complex all costs of generating non-member subscription income must be clearly identified where possible. Mechanisms for the apportionment of costs must be approved by the **Chief Financial Officer**

Responsibilities

Council is ultimately responsible for ensuring the RCN Group remains fully tax compliant and any tax due is paid promptly within HMRC guidelines. **The Executive Team** and **Senior Managers** are responsible for ensuring the **Head of Finance** has the necessary information to apply the correct HMRC rules with regards to taxation. **The Chief Financial Officer** oversees the preparation and submission of the annual tax return for RCN, RCNi, RCN Holdco and RCN Foundation (when requested by HMRC).

For further information please contact the **Head of Finance** on 0207 647 3515

4.9.2 VAT

Key principles

- RCN operates a VAT Group. Currently RCN, RCNi and RCN Foundation are all members of the RCN VAT Group as recognised by HMRC
- VAT cannot be charged on intragroup transactions between members of the same VAT group
- HMRC has complex VAT rules for charities and trade unions
- the RCN must ensure that VAT is applied correctly to all its income and expenditure
- the RCN must submit quarterly VAT returns on behalf of the RCN VAT Group to HMRC within agreed timescales

Responsibilities

Council is ultimately responsible for ensuring the RCN Group remains fully compliant with HMRC VAT guidelines and any VAT due is paid promptly. The **Executive Team** and **Senior Managers** are responsible for ensuring the **Head of Finance** has the necessary information to apply the correct HMRC rules with regards to VAT. The **Chief Financial Officer** oversees the preparation and submission of the quarterly VAT return.

For further information please contact the Financial Accounts & Treasury Manager on 0207 647 3893.

Linked information

VAT frequently asked questions

4.9.3 Gift aid

Gift aid may be claimable by a registered charity on specific types of donation. RCN Foundation as a registered charity has applied and is registered with HMRC to make Gift Aid claims. The RCN Foundation uses the CRM to make relevant Gift Aid claims. There are strict policies and procedures which must be in place in order to make a valid Gift Aid claim. Gift Aid claims are managed by the RCN Finance department and information relevant to Gift Aid claims are held within the RCN Membership department at Cardiff gate.

For further information please contact the Financial Accounts & Treasury Manager on 0207 647 3893

5. Financial Control Framework

5.1 External Audit

Key principles

- **Council** appoint external auditors in accordance with statutory accounting guidelines following recommendation from the Audit Committee
- **Audit Committee** review the audit plan ahead of the external audit
- a full set of statutory annual report and accounts prepared under relevant legislation and regulation must be made available to the **auditors** on day one of the agreed audit
- as RCN prepares consolidated accounts the audit of all entities within the RCN group must take place at either the same time or earlier than the main RCN audit
- all accounting records must be made available to **auditors** as and when required

Responsibilities

- **Council** approves the annual report and accounts, on recommendation of the **Audit Committee**. The **Chief Financial Officer** oversees the annual accounts process to ensure the accounts are accurate and prepared on time and the **Head of Finance** is responsible for the day to day management of the process.
- **Council** on recommendation of the **Audit Committee** approve the RCN Group's accounting policies as part of the annual accounts process. The **Chief Financial Officer** ensures all accounting policies comply with relevant accounting and other statutory regulations and are appropriate to the organisation. The **Head of Finance** is responsible for ensuring compliance with those policies.

5.2 Internal Audit

Key principles

- Council should satisfy themselves that all control processes across the RCN Group are working as expected
- Council should utilise the services of an internal auditor as required to help satisfy themselves controls are fit for purpose and identify any weaknesses which should be addressed
- an internal auditor can assist the work of the external auditor but must be independent from the organisation's external auditor

Responsibilities

Council appoint internal auditors following recommendations from the **Audit Committee**. **Audit Committee** is responsible for agreeing audit plans on recommendation from the Executive Team and monitoring and reviewing the work of the internal auditor. The **Chief Financial Officer** is responsible for ensuring recommendations arising from both internal and external audits are implemented as appropriate.

5.3 Planning and Budgeting

5.3.1 Budgetary Control

Council are ultimately responsible for ensuring the RCN Group and individual entities operate in an effective budgetary control framework. The Group prepares annual budgets and plans at entity level. Council approve the Group plan and budgets based on recommendation from Finance & Investment Committee.

5.3.2 Setting plans and budgets

Key principles

- The annual planning cycle will include dates for the submission of forecasts, business cases, budgets, and other financial information as appropriate and necessary
- the annual plan and budget for each entity are based on the strategic plan and Council's agreed annual priorities
- the RCN operates a top down approach to planning and budgeting, each ET Director sets plans and budgets at a directorate level to achieve the agreed priorities
- **business cases** will be required for new activity that doesn't fall under business as usual and must follow the current business case process available on the intranet

budgets and plans should be prepared in accordance with the instructions distributed by the **Chief Financial Officer**

- budgets and plans are based on the assumptions agreed in the financial strategy
- the finance functions responsible for RCNi, RCN Foundation and RCN Holdco prepare the individual entity budgets in accordance with the Group approach and principles. Individual entity plans are approved by their respective boards before submission to Finance & Investment Committee and consolidation as appropriate

Responsibilities

Council will set out strategic objectives and priorities based on the strategic plan. **Council** will, on recommendation of **Finance & Investment Committee** approve budgets and plans based on these objectives. The **Executive Team** review and agree the consolidated budget and plan to put forward to Finance & Investment Committee. **Individual directors, RCNi Managing Director and Director of Foundation** are responsible for ensuring their respective budgets and plans achieve RCN Group Strategic objectives and are in accordance with

approved guidelines. The **Chief Financial Officer** presents consolidated budgets and plans and ensures they are in line with the financial strategy. The **Head of Finance** through the **Business Accounts Team** is responsible for consolidating and co-ordinating the process and reviewing information and assumptions used to develop budgets and plans.



Linked information

[Council Annual Priorities](#)

[Business case process](#)

5.3.3 Budget monitoring and forecasts

Key principles

- all teams, projects and functions across the RCN Group are responsible for delivering activity in line with their approved plan and budget
- forecasts are prepared quarterly by the finance department and reviewed by individual Executive Team leads prior to wider Executive Team distribution
- the relevant Executive Team director must ensure that their directorates plans are in alignment with operational plans and budgets
- all directors and senior managers across the group are required to ensure the finance department have the necessary accurate and relevant information in order to complete accurate forecasts in a timely manner to better utilise its resources
- any actual anticipated variances from budget are reported to Council monthly (through Executive Team), together with proposals for corrective action in a timely manner
- any variations from approved plans, outside agreed tolerances which will be agreed as part of the planning process, must follow normal approval routes
- monthly consolidated management accounts are reviewed and discussed by Executive Team and distributed to Council for noting
- monthly management accounts are prepared for directors, senior managers and other budget holders incorporating key project updates
- regular meetings take place between senior management and their business accountants to ensure two way flow of information and effective monitoring of budgets
- as required additional information is included within the management accounts distributed to Executive Team, Council, and Partnership Forum to provide additional analysis and insight

Responsibilities

Council has overall responsibility for ensuring overall budget and financial strategy are achieved and approving any changes to the budget in year. The **Executive Team** has devolved authority for managing the budget on a monthly basis and, through the **Chief Financial Officer**, reporting variances and actions to resolve them to Council. **Directors** and **Senior Managers** are responsible for monitoring individual budgets and ensuring variances against budget are identified and resolved. The **Head of Finance**, through the Business Accounts team, is responsible for ensuring processes are being followed and for providing accurate and timely management reports and forecasts.



Linked information

[Budget setting guidance](#)

5.3.4 Budget changes

Key principles

- no in-year budget transfers are permitted, any transfers are reported through quarterly forecasts
- changes in budgets, as part of formal budget exercises, must be approved by relevant ET leads, Chief Financial Officer and Executive Team in line with the Scheme of Delegation

Responsibilities

The **Executive Team** is responsible for ensuring changes to budgets are actioned in line with agreed procedure and do not result in additional costs. The **Chief Financial Officer** is responsible for ensuring appropriate processes are in place to identify and report budget changes as appropriate. The **Head of Finance** is responsible for ensuring these processes are maintained effectively.

5.3.5 In year budget changes and use of contingencies

Key principles

- all changes to the Council agreed budgeted position both at individual entity and Group level must be agreed by Council
- Council will only consider changes to the budgeted position which are accompanied by a clear business reason for the change
- Changes to budgeted income targets will be agreed by Council on recommendation of Finance & Investment Committee
- The use of general contingency funds must be approved by the Executive Team and reported to Finance & Investment Committee as part of the quarterly forecast
- The use of the Industrial Action Fund must be approved by Council

Responsibilities

Council is responsible for any changes to the RCN budgeted position. The **Executive Team** are responsible for ensuring the use of contingency funds is appropriate and reported to **Finance & Investment Committee**. The

Chief Financial Officer is responsible for ensuring appropriate processes are in place to identify and report any potential change to budgets and use of contingency. The **Head of Finance** is responsible for ensuring these processes are maintained effectively.

5.4 Governance and executive performance dashboards

Key principles

- monthly dashboards highlighting performance against key milestones are presented to Executive Team and Council
- dashboards include key business critical risk and activities from across the RCN Group
- dashboards contain both qualitative and quantitative data exception reporting against Council priorities and key KPI's
- dashboards are prepared by the Governance team in conjunction with Finance and priority owners and project leads as appropriate
- priority owners, project managers and others are required to provide relevant and accurate information including explanations and actions for resolution for the completion of the dashboard

Responsibilities

Chief Financial Officer is responsible for overseeing the delivery of the monthly dashboards. **Priority owners and project leads** are responsible for providing exception reports and explanations in a timely manner to ensure completion of the dashboards. The **Portfolio Management Office** is responsible for overseeing the preparation of the dashboards and the **Head of Finance** is responsible for the provision of financial information to be used within the dashboards in an accurate and timely manner.

5.5 Project Management

Key principles

- effective project management is at the heart of all RCN Group activities
- all activities should be developed and, planned and delivered using the principles and requirements of effective project management
- all senior managers and those tasked with leading a project or activity must follow the RCN Group project management framework
- senior managers and project leads must identify the appropriate project management model and techniques to be used for a specific project in line with the RCN Group project management framework
- project leads must ensure detailed project plans are developed and approved as appropriate before projects go live
- project plans must be constantly monitored and reviewed to ensure the project remains on track within the agreed objectives, budgets, and timeframe, any deviations or concerns must be escalated and resolved in a timely manner
- project leads must ensure project teams are formed utilising relevant skills with roles and responsibilities allocated in a timely and effective manner ensuring all those involved understand their and others roles
- project work must follow all RCN Group policy and procedures as appropriate
- all projects must have a clear opening and closing stage and be allocated a defined budget, any cost pressures or potential savings must be managed within normal budgeting policy and processes
- all project leads will be required to develop and report against key KPI and risks for each project they are responsible for
- all project leads must undertake a post implementation review and document key achievements and lessons learned

Responsibilities

All Senior Managers and Project leads are responsible for ensuring all aspects of their projects comply with the RCN Group project management framework and relevant RCN Group policies. **Executive Director of RCN Northern Ireland** is responsible for ensuring project management framework is reviewed and updated for best practice methodology and protocol as is relevant to the activities of the RCN Group.

5.6 Contract Management

Key principles

- all contracts, both income and expenditure, must follow best practice contract management guidelines
- all contracts must be appropriately approved in line with the provisions set out in the Financial Limits
- the effective management of all contracts is essential to ensure contracts provide the benefits and value for money they are required to deliver both for the RCN Group and its customers and suppliers
- dependant on the value of the contract, a contract lead at either Senior Manager or Executive Team level should be identified at the outset
- contract leads should satisfy themselves of the detail and terms and conditions of the contract to ensure they meet appropriate requirements before signature is sought
- effective contract management requires professional arm's length relationships are maintained between all parties to the contract
- any RCN Group lead concerned that they or others party to the contract may have a conflict of interest must report this immediately under the RCN Group conflict of interest policy
- regular meetings should be held between the RCN Group contract lead and other parties to

the contract to discuss performance, issues, service provision etc. Any issues should be escalated as appropriate

- a central contracts register will be held within finance which will include the value, period of contract, renewal date and RCN contract lead
- RCN contract leads must ensure finance are updated of any changes to contract details

Responsibilities

The **Executive Team** is responsible for ensuring effective management of all contracts in which the RCN is engaged. The **Chief Financial Officer** is responsible for ensuring mechanisms and appropriate support is in place to facilitate effective contract management throughout the RCN Group. **Senior Managers** are responsible for ensuring that they engage with finance during the negotiations and monitoring of contracts and provide finance with contract details in a timely manner. The **Head of Finance** is responsible for ensuring a register of contracts is in place and effective guidance and support is given to contract leads.

Linked information

Guidance for contract leads

5.7 Partnership Agreements

Key principles

- from time to time it may be appropriate for a member of the RCN Group to enter into a partnership or other form of association with other organisations which does not necessarily have a monetary value attached to it
- all such arrangements / associations can present reputational risk to the RCN Group
- all such arrangements must be included on a central register to be held by the Finance Team
- all such potential arrangements must be formally approved by the appropriate Executive Team lead in consultation with the Chief Financial Officer

- all partnership agreements / associations must be agreed in writing between the relevant organisations and reviewed annually for appropriateness
- where partnership agreements have a financial implication either on potential income and / or expenditure then the appropriate authorisation route must be followed.

Responsibilities

- The **Executive team** is responsible for ensuring effective management of all partnership agreements / associations in which a member of the RCN Group is engaged. The **Chief Financial Officer** and **Executive Director of Governance** are responsible for ensuring mechanisms and appropriate support is in place to facilitate effective use of partnership agreements and associations. **Senior Managers** are responsible for ensuring that any such arrangements are properly authorised and reported. The **Head of Finance** is responsible for ensuring a register of all partnership agreements and associations is in place and effective guidance and support is given.

5.8 Asset Management

Key principles

- ensure purchase of assets is in-line with RCN Group strategic objectives, Council priorities and the financial strategy and approved as set out in the Financial Limits
- all freehold and property leases must be authorised and signed in accordance with RCN Standing Orders
- ensure disposal of assets is correctly authorised and in-line with strategic objectives and the financial strategy
- identify and correctly account for all fixed assets and included on the fixed asset register as appropriate
- ensure appropriate capitalisation policies are adopted and applied
- ensure the existence of assets is checked and

verified periodically

- ensure assets are reviewed at least annually for any indication of impairment in value and or benefit to the organisation and take appropriate action
- ensure adequate records are maintained of all RCN property and equipment, including items below the capital threshold such as cameras, phones, televisions etc.
- it is the relevant Senior Manager's responsibility to ensure an inventory is kept of all such equipment which has been allocated to their department / team / project
- ensure Head of Finance is informed immediately of any loss or damage to RCN Group property and equipment

Responsibilities

Council has overall responsibility for the approval of all purchases and sale of assets on recommendation of the **Finance & Investment Committee**. Authority is devolved to the **Executive Team** for low value assets. The **Chief Financial Officer** is responsible for ensuring all financial implications have been taken into account before purchase or sale of asset and the **Head of Finance** is responsible for ensuring the correct accounting treatment of all assets. **Senior managers** are responsible for the security and safeguarding of assets.

Linked information

Process for recording and updating fixed asset records

Template for disposal of an asset

SECTION C

Policy and Processes



6. New Activity

6.1 New activities and projects - business cases

Key principles

- any new aspect of business, service delivery or other strategic initiative must be the subject of a business case, including IT and Estates capital projects
- also applies to initiatives and activities which are aimed at enhancing the RCN Groups commercial offer
- all new initiatives must be in line with RCN Group Strategic objectives and council priorities
- all business cases must follow the business case process
- before a business case can be developed a concept card must be completed and approved by the relevant ET sponsor
- approved concept cards will be submitted to the business case advisory panel who will determine which type of business case should be submitted
- completed business cases must be submitted to the business case advisory panel
- following review by the business case advisory panel business cases will be submitted to ET for prioritisation and approval in line with the provisions set out in the schedule of financial limits
- all business cases must include relevant options appraisal and other analysis as appropriate to the nature, value and scale of the proposed activity
- anyone developing new activities must work closely with the finance department to ensure accurate projections, costing and other accounting and analysis requirements are included in the business case as appropriate

Responsibilities

Council has overall responsibility for the development of new activities or services. Council delegate to **Finance & Investment Committee** the approval of new activity streams below certain limits. **Executive Team** has delegated authority to approve all new activity streams under agreed limits and to ensure appropriate business cases are prepared for all new activity. **Head of Finance** is responsible for ensuring all new activities are correctly costed and any accounting implications are included in business cases.

Linked information

[Business case process](#)

7. Income

7.1 General

Key principles

- new income generation activity must be approved in line with the provisions set out in the Financial limits
- all sales orders and invoices must be authorised in line with the provisions set out in Financial Limits
- all income generation activity is conducted in line with HMRC and other statutory regulations and guidance
- mechanisms are in place and regularly reviewed to ensure income generated is appropriately utilised
- consistent policies and practice in place for similar types of income generation across the RCN Group
- ensure adequate control of income received for services and products provided by the RCN Group
- ensure the correct accounting treatment for all RCN Group income
- ensure income covers all costs of the service or product where relevant, including staff time, and costs have been appropriately allocated to the income stream
- discuss any new potential income stream or change to current income streams with RCN Business Director
- ensure correct approval of new income streams or changes to existing income streams in accordance with appropriate approval routes
- agree appropriate mark-up levels and income targets with the RCN Business Director
- where appropriate identify any income received directly from members (excluding membership subscriptions which is accounted for separately) for example delegate income paid directly by the member
- ensure all income received from pharmaceutical companies is properly recorded on the register held by the Corporate Relations Manager in order to comply with ABPI legislation

Responsibilities

Senior Managers are responsible for ensuring all income is correctly authorised and coded and finance is fully informed of all income streams and the nature of their source. The **Head of Finance** is responsible for ensuring the appropriate accounting treatment is applied to all income streams. **Senior Managers** to ensure **Corporate Relations Manager** is notified of all payments from pharmaceutical companies. **Corporate Relations Manager** to ensure all payments are correctly recorded on Disclosure UK database.

7.2 Sponsorship, Grants and other externally funded projects

Key principles

- sponsorship, grant and other funding agreements must be approved in line with the provisions set out in the Financial limits
- external sponsorship, grants and other funding must be compatible with the RCN Group's ethical policies, image and existing commercial arrangements
- the acceptance of sponsorship arrangements or grant funding must be in line with the RCN Group's strategic plan
- before agreeing a sponsorship or grant agreement Finance should review the proposed contract to determine any VAT or potential "tax" implications
- copies of all signed sponsorship, grant and funding agreements will need to be sent to the finance department to ensure correct VAT and Corporation tax treatment
- all contracts should clearly identify invoice amounts and arrangements and clearly outline arrangements for use of unspent funds at the end of the contract
- all sponsorship and grant arrangements can be identified and use can be reported

Responsibilities

Council is ultimately responsible for all sponsorship and grant funding agreements, however authority is devolved to **Finance & Investment Committee** and **Executive Team** for sponsorship and grant funding agreements below agreed limits. The **Business Director** is responsible for the day to day management of sponsorship and grant funding agreements and ensuring finance is fully informed of all such arrangements. The **Head of Finance** is responsible for ensuring the correct accounting treatment of any sponsorship, grant or other funding income in-line with HMRC and other statutory regulations.

7.3 Intergroup group income

Key principles

- goods or services provided by one RCN Group entity to another must be accounted for as any other income or expenditure in the relevant entities
- however trading between RCN Group members must be easily identified as it is not treated as income (or expenditure) in the RCN Group accounts
- intergroup group trading will be subject to corporation tax in the individual entity if appropriate
- intragroup group trading will be outside the scope of VAT if both RCN Group members are in the RCN VAT group
- intragroup trading will be subject to any provisions within agreed service level agreements and transfer pricing guidelines
- potential intragroup trading should be discussed upfront with the RCN Business Director and Finance department to ensure all relevant implications are understood and appropriate accounting treatment is made in the accounts of both entities and the group accounts
- intragroup trading is subject to the same approval and authorisation routes as other income and expenditure

Responsibilities

Senior Managers are responsible for ensuring all intragroup group trading is discussed with the **RCN Business Director** and **Finance Department** to ensure implications and accounting treatment are clearly understood. The **Head of Finance** is responsible for ensuring the appropriate accounting treatment is applied to all income streams.

7.4 Fundraising

Key principles

- Generally fundraising can only be undertaken by a registered charity. Currently within the RCN Group only the RCN Foundation can undertake fundraising activities
- more details of the fundraising processes, policies and tax implications relating to the RCN Foundation can be found within their Financial Regulations at Appendix A to this document
- should you wish to raise funds on behalf of the RCN Foundation please contact either the Director of Foundation or the Fundraising and Communication Manager who will be able to provide you with information and support
- RCN will occasionally fundraise for funds for the Industrial Action Fund. The industrial action fund is specifically earmarked to support the cost of industrial action and the payment of strike benefit payments which are compensation for loss of salary as a direct result of taking strike action at the request of the RCN
- any fundraising for the industrial action fund has strict rules around it, any potential fundraising for the fund must be agreed by the Head of Finance and legal and communications teams
- if you wish to fund raise for the nominated corporate charity please contact the internal communication teams for more information

Responsibilities

Senior Managers are responsible for ensuring any fundraising activities undertaken by their teams are done so in full knowledge of the RCN Foundation and the Head of Finance all guidance given is followed. The **Head of Finance** is responsible for ensuring the appropriate accounting treatment is applied to all RCN Foundation fundraising income and donations to the industrial action fund.

7.5 Bad debts

Key principles

- all bad debts must be approved in accordance with the provisions set out in the Financial Limits
- every attempt should be made to ensure the RCN Group does business with financially viable organisations when entering into arrangements with new and existing customers
- credit checks should be carried out on all potential customers where the value of income generated is £50,000 or more regardless or not as to whether the payment is a lump sum or in instalments
- all potential customers based outside the UK (UK excludes Republic of Ireland) should be credit checked before contracts are signed
- all income should only be recognised once its existence is certain
- all or at least 50% of income due should, where possible, be received in advance of the provision of product or service
- ensure that adequate arrangements are in place to deal with bad debts should they arise
- bad debts must be reported and written off in accordance with the scheme of delegation
- all outstanding income must be pursued as soon as it is due
- robust credit control procedures must be in place and reviewed annually for robustness

Responsibilities

Council receives a report of all bad debts over an agreed level (per customer). The **Honorary Treasurer / Chair of the Finance & Investment Committee** approves all bad debts over an agreed level (per customer). The **Executive Team** can write off bad debts below an agreed level (per customer). The **Head of Finance** can write off bad debts under an agreed level (per customer) which are then reported to the **Executive Team**. **Head of Finance** is responsible for ensuring all income due is received and accounted for correctly and promptly. The **Head of Finance** is responsible for ensuring robust credit control processes are in place. All bad debts above an agreed level (per customer) are reported to **Audit Committee**

Linked information

Scheme of Delegation

Bad debt write-off policy

8. Expenditure

8.1 Procurement approach

Key principles

- proposed expenditure should be discussed with the finance department at the earliest opportunity to discuss potential procurement routes and methods suitable for the specific procurement undertaken
- all expenditure must be in-line with the RCN Group's strategic plan and Council priorities
- the procurement process should be fair, transparent, robust and accountable
- all expenditure must follow the appropriate policy and procedures
- all expenditure must be appropriately planned to ensure time is available to identify appropriate sources of the goods or service to be procured
- consideration should be given to the RCN Group's principles for socially responsible procurement
- all expenditure over an agreed level should be subject to a tender exercise
- a sole supplier procurement process should only be undertaken in exceptional circumstances and must have prior approval in line with normal approval routes
- all procurement should be based on obtaining the best value for money
- all expenditure can only be committed once the appropriate authorisation to proceed has been achieved
- all expenditure must have an agreed budget, unbudgeted expenditure must have appropriate approval

Responsibilities

All **ET Leads** and **Senior Managers** are responsible for ensuring all expenditure is incurred within budget and is incurred in the achievement of strategic objectives and Council priorities. The **Head of Finance** is responsible for ensuring processes and mechanisms are in place to ensure compliance and report exceptions to policy, and provide information regarding the achievement of value for money.

Which procurement process to follow?



Linked information

[RCN Tender Process and Guidelines](#)

[RCN Procurement Strategy](#)

8.2 Authority to incur expenditure

Key principles

- commitments are only entered into by those with delegated authority to incur expenditure as outlined in the Financial limits
- ensuring that there is authority and budgetary provision
- expenditure is in-line with the RCN Group's strategic plan and Council priorities
- value for money must be demonstrated
- all unbudgeted items of expenditure must have appropriate approval
- all purchase orders and invoices are authorised in line with the provisions set out in the Financial Limits

Responsibilities

Council is ultimately responsible for the commitment of all expenditure. The **Executive Team** has delegated authority for budgeted expenditure within agreed limits. The **Head**

of Finance is responsible for ensuring robust processes and mechanisms are in place to uphold delegated authority levels.

Linked information

Scheme of Delegation

Financial Limits

RCN Procurement Strategy

8.3 Appointment of consultants and contractors

Key principles

- HR must be consulted before appointment to determine if the consultant/contractor may have employment status
- HMRC have strict rules with regard the use of contractors who in their terms meet the requirements of an employee, significant fines are likely if HMRC were to contest successfully the status of a contractor
- RCN Group procurement principles and policy applies equally to contracts for the engagement of consultants who are not employees and their appointments should be subject to competition
- depending on the expected value of the contract, it must be supported by a business case and subject to competition in the normal way
- the term consultant / contractor applies equally to other “consultancy” type agreements including affiliates working in Membership Support Services, Freelancers in Communications and Peer Reviewers in the Accreditation team.

Responsibilities

All **Senior Managers** are responsible for ensuring all contractors engaged within their areas have the appropriate employment or contractor status and that they have engaged fully with HR at the appropriate times, this is irrespective of the length or value of the potential

contract. **Senior Managers** are responsible for ensuring appropriate procurement processes are followed for the engagement of all contractors within their areas.

Linked information

People engagement process

8.4 Payment to suppliers

Key principles

- all expenditure incurred is supported by properly authorised documentation and is in accordance with the approved budget
- all new suppliers are set up on the finance system prior to commitment of expenditure
- all invoices are paid promptly and within specified terms
- payment should be made by BACs whenever possible

Responsibilities

Senior Managers are responsible for ensuring all relevant documentation is properly coded and authorised. The **Head of Finance** is responsible for ensuring robust processes and procedures are in place to ensure compliance with policies and prompt and accurate payment of invoices.

8.5 Special payments, write-offs and losses

From time to time it may be appropriate or necessary to make a one-off payment to a member of staff, member (or their family), or other organisation. Special payments do not include any form of remuneration or compensation payments. From time to time it may also be necessary to write-off a business cost or loss, if it is deemed improbable that the cost will be redeemed. Examples may include loss arising from third party fraud or nonredeemable deposits for venue hire for an event which is cancelled due to poor take up.

Key principles

- all special payments, write-offs and losses must be approved in accordance with the provisions set out in the Financial limits
- every effort should be made to mitigate potential losses and write-offs before they arise
- control processes should be reviewed regularly and updated as appropriate
- special payments should be relatively low value and represent a contribution to assist in a time of need not to make good a full loss or cost recovery
- special payments to an organisation (in the form of a donation to a cause or campaign) must be in-line with the RCN's charter objectives
- finance should be informed of all special payments made
- finance will keep a log of all special payments and will present this annually to the external auditors as part of their annual audit

Responsibilities

Council receives a report of all special payments over £10,000 and approves special payments over an agreed amount. The **Honorary Treasurer / Chair of Finance & Investment Committee** approves all special payments and losses within an agreed limit. The **Executive Team** can approve special payments and losses below an agreed limit. The **Head of Finance** is responsible for ensuring a log is maintained of all special payments and reported to **Council** and the **External Auditors** as required. All losses over £10,000 are reported to Audit Committee.

8.6 International projects

As part of its international work, the RCN will, from time to time, enter into partnerships with organisations overseas. Senior Managers are responsible for informing Finance in advance of any international project that might require special expenditure treatment such as foreign currency. In some cases where travel is required

to 'resource poor' countries the use of card payments and obtaining receipts are often limited. Special arrangements may be required in these instances. The relevant Senior Manager must contact the Head of Finance in advance of any proposed trip to agree appropriate one-off arrangements for the duration of the trip or project as appropriate. These arrangements will be agreed in writing and approved by the relevant ET lead using the [template](#) available on the intranet.

8.7 Gifts and hospitality

Council is responsible for developing and maintaining a gift and hospitality policy. This will be updated annually. All staff, Council members, Entity board directors and trustees, RCN Office holders, other members and external advisers, undertaking activities / duties on behalf of the RCN must comply with the RCN Group gift and hospitality policy.

The Executive Director of Governance maintains a gift register.

Linked information

[RCN Group Declaring interests' policy \(including gifts & hospitality\) - Staff](#)

9. Our Members and other stakeholders

9.1 Member, Volunteers and External advisers expenses

Key principles

- all expenses claimed must be in line with RCN Group strategic objectives and Council priorities
- staff authorising members, external advisers or volunteers expenses must do so in line with the relevant expenses policy and the authorisation framework. A copy of the authorisation framework can be obtained from the Governance Support Unit.
- any claimant wishing to appeal an expense claim decision must do so under the relevant appeals process, a copy of which is available from the Governance Support Unit
- any volunteer or member with a corporate credit card must comply with the RCN Group's corporate credit card policy
- all expense claims must be approved in line with the provisions set out in the Financial Limits

Responsibilities

Senior Managers are responsible for ensuring all expenses claimed by members, external advisers or volunteers relating to activity on behalf or with their departments / teams comply fully with the RCN expenses policy. The **Head of Finance** is responsible for ensuring effective processes and mechanisms are in place to ensure compliance.

Linked information

[Member expenses policy](#)

9.2 Gifts to members and volunteers from the RCN Group

From time to time it may be appropriate for the RCN Group, or part thereof to make a small gift to a member or volunteer in gratitude for services to the Group. It should be noted that such gifts must be small in value and non-cash in order not to breach HMRC benefit in kind rules. Any such gift must be within the RCN Group Gifts and Hospitality policy. If in doubt please contact the **Executive Director of Governance** for further advice and information.

[Conflicts of interest/Gifts & Hospitality Policy: RCN office holders including RCN Representatives, Council, Board and Committee Members](#)

9.3 RCN Branches

Key principles

- to ensure adequate records are maintained for all RCN Branches
- to ensure all RCN Branches follow the requirements of RCN accounting policy and procedures

Responsibilities

Council, through country and regional Boards, is responsible for ensuring all RCN Branches comply with accounting and other statutory regulations. The **Chief Financial Officer** and **Executive Director of Governance** oversee the preparation and updating of guidance and policies relating to RCN Branches as approved by **Council**. The **Head of Finance** is responsible for providing advice and guidance to RCN Branches on financial matters.

Linked information

[Branch finances: funding sources and use of funds](#)

9.4 Other RCN Groups

Key principles

- to ensure adequate records are maintained for all RCN Groups
- to ensure all RCN Groups follow the requirements of RCN accounting policy and procedures
- the RCN does not hold money on behalf of third party groups or organisations unless a formal partnership agreement is in place and approved by the Chief Financial Officer

Responsibilities

Council is responsible for ensuring all RCN Groups comply with accounting and other statutory regulations. **Council** must approve any partnership agreements entered into by the RCN. The **Chief Financial Officer** and **Executive Director of Governance** oversees the preparation of any formal partnership agreement. The **Head of Finance** is responsible for providing advice and guidance to RCN Groups on financial matters and ensuring all financial transactions are correctly accounted.

Responsibilities

The **Executive Director of Governance** oversees the preparation of any compensation agreement with an employer and informs the **Head of Finance** as required.

9.5 President and Chair of Council employer compensation

Key principles

- RCN Royal Charter section 5.2.3 states that Council members may not receive remuneration or private benefit from the RCN.
- Roles of RCN President and RCN Chair of Council acknowledged to be time consuming. Policy to compensate the employer a proportion of time spent on activities of the role in place.
- No compensation is made to those in the role who are self-employed.
- A compensation agreement will be signed by the GS/CE and the employer and reviewed at the start of each term of office.

10. Our staff

10.1 Staff expenditure

Key principles

- staff are only appointed to established posts for which there is appropriate budgetary provision in current and future years
- staffing establishments must be in-line with the RCN Group Strategic Plan and financial strategy
- People & OD policies and procedures on the recruitment and appointment of staff should be followed at all times
- the use of agency staff must be funded from vacant posts and approved by People & OD and finance in advance
- fixed term contracts are normally for an agreed period only and must be fully funded for the entire duration of the fixed term period
- normal authorisation levels apply
- Senior managers cannot delegate their staffing budgets
- the Chief People Officer will report establishment levels quarterly to the Executive Team
- the Head of Finance will monitor staff expenditure against budget and report any issues to the Executive Team through the Chief Financial Officer

Responsibilities

The **Chief People Officer** is responsible for maintaining data on staffing establishments. Establishments should be reviewed and agreed between Senior Managers, Senior Business Accountants, and HR Business Partners on a quarterly basis. All changes to agreed establishments must be approved by the **Chief People Officer** and **Chief Financial Officer** and be in line with agreed strategic objectives and financial policies.

Linked information

[HR pay, expenses and benefits](#)

[People and OD](#)

10.2 Payroll

Key principles

- payments are only made to members of staff with legitimate RCN contracts of employment and approved conditions, as issued by People & OD
- only approved amendments, notified by People & OD, are made to payroll data
- only appropriate members of the People & OD department can offer and agree terms and conditions to any member of staff (includes fixed term, secondees etc)
- People & OD must inform finance of all appointments, dismissals, secondments and transfers in a timely manner
- all payments must comply with PAYE, NIC and other relevant regulations and appropriate deductions will be made
- all staff are responsible for checking their monthly payslips and querying any potential anomalies in a timely manner

Responsibilities

The **Chief People Officer** is responsible for ensuring all staff related information is accurate and given to finance in a timely manner. The **Head of Finance** is responsible for ensuring all payroll payments are accurate, timely and the appropriate statutory deductions are made.

10.3 Staff Expenses

Key principles

- all expenses must be authorised in line with the provisions set out in the Financial Limits
- all expenses claimed must be in line with RCN Group strategic objectives and Council priorities
- all staff must comply with the policy, principle and guidelines set out in the staff expenses policy
- it is each line managers responsibility to ensure all their staff are familiar with and understand the expenses policy
- staff authorising expenses must ensure those expenses comply with RCN policy
- staff authorising members expenses must do so in line with the members expenses policy and the authorisation framework. A copy of the authorisation framework can be obtained from the Governance Support Unit.
- any member of staff wishing to appeal an expense claim decision must do so under the relevant appeals process, a copy of which is available from the Governance Support Unit
- any member of staff with a corporate credit card must comply with the RCN's corporate credit card policy
- agency staff will not normally be expected to incur expenses whilst working at the RCN. If there is a requirement for an individual agency employee to do so whilst carrying out RCN work, this must be communicated upfront in writing to the Finance department by the appropriate Senior Manager. Any expenses incurred by agency staff must be in accordance with the RCN expenses policy.
- Agency staff booking travel through the corporate travel provider on behalf of staff or members must have appropriate authorisation to do so from a senior manager and must be aware of and comply with the RCN expenses policy

Responsibilities

Senior Managers are responsible for ensuring all expenses claimed by staff within their departments / teams comply fully with the RCN expenses policy. The **Head of Finance** is responsible for ensuring effective processes and mechanisms are in place to ensure compliance.

Linked information

[Staff expenses policy](#)

[Credit card policy](#)

10.4 Gifts to staff from RCN Group

From time to time it may be appropriate for the RCN Group, or part thereof to make a small gift to a member of staff, this can include flowers for a specific event or other gift. HMRC have very strict rules regarding benefits in kind and start from a default position of anything given by the employer to an employee is a benefit or remuneration and therefore liable for income tax. HMRC do have some exceptions to that rule where the total cost of the gift including any delivery and VAT is less than £50. If in doubt please contact the **Executive Director of Governance** for further advice and information.

Linked information

[RCN Group Declaring interests' policy \(including gifts & hospitality\) - Staff](#)

10.5 Staff loans

Key principles

- All staff can apply for an annual season ticket loan in accordance with the season ticket policy
- All staff can apply for a corporate development loan in accordance with the corporate development funding policy
- Staff can apply for assistance to purchase a bicycle for work purposes under the government backed cycle 2 work scheme.

More information is available on the intranet

- In exceptional circumstances staff can apply for an advance on salary, this is approved by both the Associate Director of People & OD and Head of Finance and will be deducted from the employee's next salary

Responsibilities

The **Associate Director of People & OD** and **Head of Finance** must ensure that any loans given comply with the relevant policy and are repaid in accordance with the terms of the policy.

Linked information

[Season ticket loan application form](#)

[Career development loan scheme application form](#)

[Salary advance application form](#)

10.6 Staff Pension Scheme

The RCN Career average (CARE) defined benefit pension scheme was closed to new entrants on 31st October 2013. From 1st November 2013 a defined contribution scheme is available to new entrants and those staff not currently in a pension scheme. All new staff are automatically enrolled in the lowest contribution level of the defined contribution scheme under auto enrolment regulation.

Key principles

- all staff not in a pension scheme will be required to be auto enrolled into the defined contribution scheme at regular intervals
- Senior Managers are required to inform People & OD immediately the pay or job status of anyone working for them changes irrespective of whether they are a member of staff, agency staff, contractor, consultant as this may impact their auto enrolment status
- Governance groups, working in partnership with staff-side representatives, oversee the governance arrangements of both CARE and the defined contribution schemes
- the RCN is required to comply with all pension law and to ensure staff pension schemes are fit for purpose

- ultimately Council are responsible for ensuring the pension schemes are appropriately funded and financially viable
- finance are responsible for ensuring the correct accounting treatment of pension scheme costs and assets and liabilities
- finance are responsible for the accurate and timely payment of contributions to scheme providers
- payroll are responsible for the accurate and timely provision of employee information to scheme providers

Responsibilities

Council is responsible for ensuring the RCN staff pension schemes are adequately funded and are fit for purpose. **Finance & Investment Committee** review pension scheme valuations and funding plans and recommend any necessary action to Council. The **Chief Financial Officer** is responsible for ensuring appropriate investment policies are in place for all RCN pension schemes and deficit and funding levels are reviewed regularly and any issues brought to the attention of Finance & Investment Committee and Council. The **Head of Finance** is responsible for ensuring accurate and timely payments and that any potential implications impacting the financial position of the RCN are raised appropriately. The **Chief People Officer** is responsible for ensuring that pension providers receive accurate and timely information.

11. Banking and investments

11.1 Group bank accounts

Key principles

- the opening and closing of all RCN Group bank and building society accounts are properly approved in accordance with the Scheme of Delegation, this includes new bank accounts with existing bankers
- decisions to change the main corporate bankers will be made by Council and subject to a formal tender process
- appropriate mandates are kept and maintained for all RCN Group bank accounts
- new signatories on all bank accounts are approved by Chief Financial Officer and Head of Finance
- any deletions of signatories on all bank accounts are actioned immediately and reported to the Chief Financial Officer and Head of Finance
- all RCN Group bank accounts are reconciled monthly as standard, all reconciliations are reviewed and signed-off as correct by the Head of Finance
- the RCN Group's main bank accounts are reviewed regularly during the month to check for anomalies
- suspected fraud on any account is reported immediately to the Chief Financial Officer and Head of Finance

Responsibilities

The **Head of Finance** is responsible for the opening and closing of all bank accounts and the addition of new signatories. The **Head of Finance** is responsible for ensuring robust mechanisms are in place to protect the RCN's bank accounts. Instructions to open and close bank accounts shall be reported to **Council** and periodically **Council** shall be notified of all bank and building society accounts which are currently open in the name of the RCN.

Approval route for change to main RCN bank accounts



Linked information

Scheme of Delegation

Bank Mandates

Direct Debits and Standing Orders

11.2 Treasury and Short Term deposits

Key principles

- principles similar to that for bank accounts outlined at 11.1 above
- management of short-term investments in line with the RCN Group Financial Strategy and Group Treasury policy
- arrangements with new deposit takers must be approved in advance by Council on the advice of the Finance & Investment Committee
- the initial value and term of short-term deposits will be determined by the Finance & Investment Committee
- deposits can be rolled over at the end of the fixed-term by the RCN Head of Finance if given delegated authority to do so

- Finance & Investment Committee receives a report outlining the status of all deposits and rates obtained when deemed necessary

Responsibilities

The **Finance & Investment Committee** is responsible for the approval and performance of short-term investments in line with the appropriate strategies. The Finance & Investment Committee reviews and monitors the detail of all short-term investments. The **Head of Finance** is responsible for ensuring robust mechanisms are in place to ensure short-term investments are managed in line with the Finance & Investment Committee's instructions.



Linked information

Scheme of Delegation

11.3 Investments

RCN Group entities have long-term investment portfolio's which are managed on their behalf by independent investment manager's. All RCN Group investments should be in-line with RCN Group financial strategy.

Key principles

- to ensure long-term investments are made in accordance with RCN Group, and as appropriate, individual group entities financial and investment strategies
- Individual Group entities are able to hold investments in their own right, individual Group entity boards must approve the buying and selling of long-term investments, before recommendation to Finance & Investment Committee
- changes to the fundamental nature of long-term investments must be agreed by Council on recommendation of the Finance and Investment Committee (RCN & RCNi)
- buying or selling long-term investments must be approved by Council on recommendation of the Finance and Investment Committee in accordance with the RCN Group financial strategy
- investment managers are accountable to the individual group entity board for the performance of the investments they manage, however Finance & Investment Committee will review performance of all investment portfolio's from time to time and will make recommendation to Council
- accurate records and accounting treatment of all investments in line with audit and HMRC guidelines

Responsibilities

Council is responsible for the approval of all long-term investment holdings. The **Finance & Investment Committee** is responsible for monitoring performance of the investments and reporting to **Council**. The **Head of Finance** is responsible for ensuring accurate and appropriate accounting records are kept and included in the financial statements.

Decisions related to all Investment holdings of group entities must be agreed by their individual boards before recommendation, where it is appropriate to do so, to Council for approval. RCN Foundation Board of Trustees are responsible for all investments held in the name of the charity in accordance with Charity Commission requirements.



Linked information

Scheme of Delegation

11.4 Loans

The RCN Group currently has no long-term loan arrangements in place. There are no current plans to change this position. However general principles which would apply if this were to change are:-

Key principles

- to ensure approval is obtained by Council before any loan agreement can be entered into
- Council must agree the limit and repayment terms of any loan entered into
- any loan agreement must be in full compliance with the RCN Group financial strategy

Responsibilities

The **RCN Council** is ultimately responsible for any loan agreements made in the name of the RCN Group. Individual Group entities must comply with any terms set out in their memorandum of understanding. The relevant **Finance Team** is responsible for the day to day management of any loan agreement taken up.

11.5 Arrangements with third parties for the collection / payment of monies (including web pages)

Key principles

- collection of income of any type must be conducted following best practice and dependant on the type of income, statutory process
- setting up web pages selling RCN Group products and services online must be done in conjunction with the finance department, who have final sign-off of relevant pages and potential methods of collection of monies
- only the finance department can set up new, additional, or cancel arrangements with third party companies for collection or payment of monies
- any requests to set up arrangements with third parties for the collection or payment of monies must follow normal approval routes

Responsibilities

The **RCN Head of Finance** is responsible for ensuring robust controls are in place for managing collection and payments of monies through third parties. **Senior Managers** are responsible for ensuring they discuss and obtain agreement from finance regarding potential arrangements for selling products and services online or through a third party before entering into any agreements.

For further information please contact the Financial Accounts & Treasury Manager on 0207 647 3893

11.6 Bank and credit card receipts

Key principles

- to ensure adequate control is maintained over all income at the point of receipt
- all payments received by card must follow correct procedure and should only be taken by those agreed with Finance to do so
- anyone wishing to pay for an RCN product or service by card should be directed to the relevant website or finance team as appropriate
- adequate records must be maintained for audit and reconciliation purposes
- all backing documents must be printed and retained with record of transaction
- attention must be paid to compliance with Data Protection; ie do not retain records with card numbers that have not been correctly obscured

Responsibilities

The **RCN Head of Finance** is responsible for ensuring robust controls are in place for the handling of all card payments and working with the Information Officer to ensure correct data handling processes are in place. **Senior Managers** are responsible for ensuring correct process is followed by their departments and teams.

For further information please contact the Financial Accounts & Treasury Manager on 0207 647 3893

11.7 Receipts and Cash Handling

Key principles

- to ensure adequate control is maintained over all income at the point of receipt
- cash and cheques received must be passed to RCN finance promptly and signed for
- all cash and cheques must be entered on the register and banked promptly
- any cash or cheques remaining in the office overnight must be kept in the safe
- any vouchers held by offices must be treated as cash, kept securely and a log kept of the vouchers distributed

Responsibilities

The **RCN Head of Finance** is responsible for ensuring robust controls are in place for the handling and banking of cash and other valuables. **Senior Managers** are responsible for ensuring the safeguarding of cash and cheques held within their departments and teams.

Linked information

[Cash handling policy](#)

12. Other requirements

12.1 Supervisory procedures

Council is ultimately responsible for ensuring adequate segregation of duties and review of work is in place. Satisfactory arrangements for segregation of duties protect staff members as well as the RCN Group.

Each department shall be responsible, with assistance from the **People & OD**, for maintaining up to date job descriptions for its entire staff. Each **Senior Manager** is responsible for ensuring adequate segregation of duties and review of subordinates work.

Responsibilities

Council is responsible for satisfying itself that the RCN Group is adequately insured. The Executive Team approves the annual renewal of insurance policies. The **Executive Team** and **Senior Managers** are responsible for advising the **Head of Finance** of any changes which may impact insurance arrangements. The **Head of Finance** is responsible for the day to day management of insurance arrangements.

Linked information

[Insurance guidance](#)

12.2 Insurance

Key principles

- Insurance arrangements must be reviewed and approved in line with the requirements of the Scheme of Delegation
- to ensure that the RCN is adequately insured in respect of the risks that are reasonably foreseen
- to ensure the RCN is adequately insured in respect of the acts of Council and other office holders, RCN Group staff and others acting on behalf of the RCN Group
- to ensure any changes to normal operations or practice that may affect the validity of insurance cover are reported promptly and accurately
- any change of business or activity may impact insurance arrangements and must be reported however small
- any leisure or similar activities held on RCN Group premises or arranged by RCN Group staff or Office Holders acting in that capacity must be reported

The RCN represents nurses and nursing, promotes
excellence in practice and shapes health policies

RCN Online
www.rcn.org.uk

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