

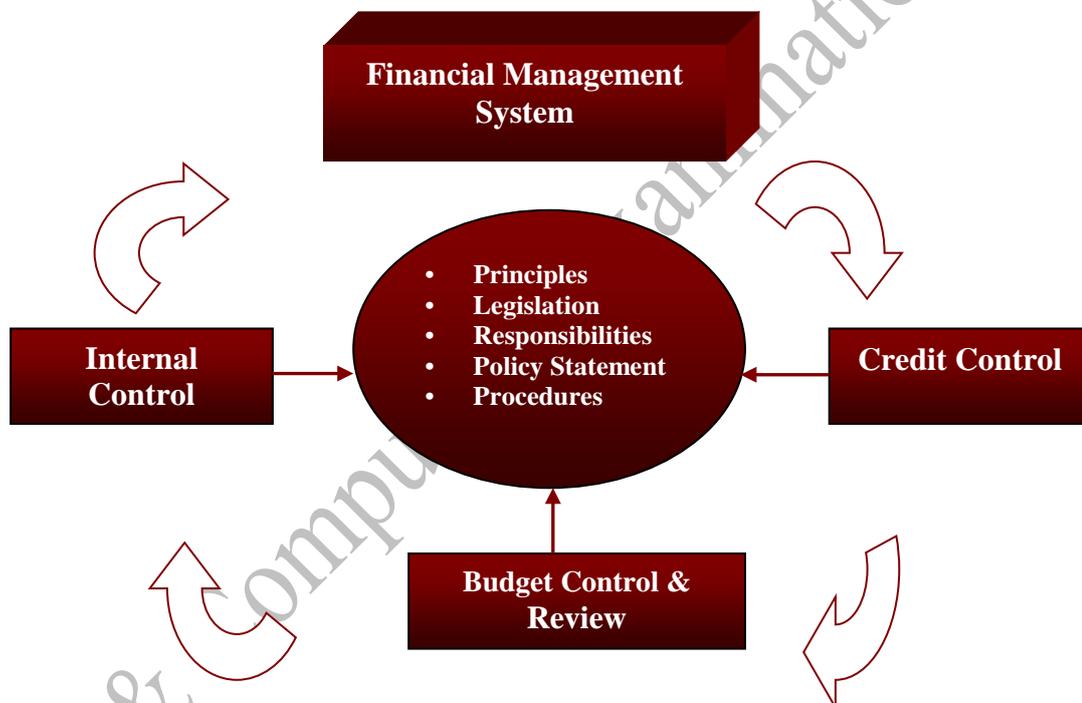


# Business & Computing Examinations (BCE) LONDON (UK)

## Financial Management Policy

<b>Policy No.:</b>	P016
<b>Date of issue:</b>	April 2012, revised September 2020
<b>Status:</b>	Approved
<b>Responsibility for policy:</b>	CEO
<b>Responsibility for implementation:</b>	CEO / Bookkeeper/Accountant

### Financial Management Framework



Relevant documents to the Financial Management Framework are:

- Financial Management Policy
  - Internal Control Policy
  - Credit Control Policy
  - Budget Control and Review Policy

## 1. **Introduction**

The Chief Executive has a responsibility to establish and maintain an appropriate Financial Management system in accordance with BCE policies and procedures.

Financial Management are processes (including elements such as policies, procedures and systems) that are established, operated and monitored by staff responsible for governance and to provide reasonable assurance regarding the achievement of our objectives.

Financial Management systems are designed to provide reasonable assurance to the responsible Chief Executive / Oversight Board / Management in relation to the:

- effectiveness and efficiency of operations;
- reliability of management, financial and taxation reporting;
- appropriate management and control of risk; and
- compliance with applicable legislation, sub-ordinate legislation and other financial management policies of the UK Government.

An effective Financial Management environment involves the systematic review, appraisal and reporting of financial (including management, taxation and budgetary) and operational control systems and their effectiveness, including (but not limited to) the:

- relevance of established plans, policies, and procedures in line with BCE Code of Practice;
- review of committees/panels, operations and programs and outcomes to ascertain whether results are consistent with established objectives and goals;
- economy and efficiency with which resources are employed;
- appropriateness of the organisation's personnel and supervision arrangements;
- integrity of information systems;
- extent to which assets are accounted for and safeguarded from losses (e.g. waste, extravagance, inefficient administration, fraud or poor value for money);
- appropriateness, reliability and integrity of financial and other management information, including the ability to identify, measure, classify, report and act upon that information;
- extent to which financial management, financial administration and financial reporting matters comply with applicable legislation, and other financial management policies;
- monitoring of information and appropriateness of action taken.

BCE recognises the need to have in place a framework to demonstrate sound financial governance of its business operations. BCE believes that the setting and reviewing of policy is a prime responsibility and should provide a clear, consistent and transparent basis for initiation, development, review, management and reporting of BCE's finance policy documents to ensure the efficient and economic use of our resources.

### **Application of this Policy and Procedure**

The policy and procedure relates to all Financial Management activities conducted by BCE.

## 2. **Policy Principles**

*The Policy is based on the following principles:*

1. Financial Management (Finance) and Accounting Policies will be developed in accordance with UK Companies Act and GAAP principles.
2. The Financial Management policy framework will include policies, procedures, systems and internal controls to describe the approach to the treatment of transaction recording and processing, maintenance of records, compliance with mandatory requirements of a framework, special instructions of the Her Majesty's Revenue & Customs (HMRC), form and content of the financial statements.
3. Sound financial governance is reliant on an internal control framework that should provide reasonable assurance that BCE operations are conducted in an efficient and effective manner, that timely regular and reliable reports are provided with an appropriate management of risk and compliance consistent with applicable legislation and other financial management requirements.
4. All mandatory requirements of government legislations and recommendations from our Accountants/Auditors shall be met. BCE will produce a plan of action as soon as it is made aware of any non-compliance.
5. Each policy will include performance measures, monitoring and review requirements to ensure the policy is effective and has achieved its objectives.
6. All Finance and Accounting policy documents will be maintained in both hard and electronic copies and made available within BCE through our internal filing system.
7. A Policy Review Plan will be implemented to regularly review policies to ensure that they are aligned with BCE goals and strategies.

## 3. **Relevant Legislation**

BCE operates under the UK Companies Act 1985 and 2006 guidelines and regulations. Generally Accepted Accounting Principles (GAAP) standard framework identifies the following areas as a part of the financial management compliance program:

- Compliance with applicable Financial Accounting/Management legislation and other mandatory requirements of the UK Government.
- Assessment of policies, procedures, systems and internal controls for income, expense, asset, liability, budgetary and reporting activities.

An effective financial management compliance program will include compliance with financial management/accounting, financial administration and financial reporting matters as advised by BCE Accountants/Auditors.

## 4. **Responsibilities**

*Chief Executive Officer*

The Chief Executive is responsible for:

- implementation of this policy and for ensuring all employees are aware of the policy;
- approval of relevant procedures to support the implementation of this policy;
- ensuring that managers and employees comply with the policy;
- management of breaches of this policy;
- ensuring reasonable provision for losses

*The Accountant*

The Accountant is responsible for:

- Ensuring that employees are familiar with the policy;

- Development and implementation of relevant procedures to support the implementation of this policy;
- Monitoring compliance with the policy and procedures;
- Ensuring that the Chief Executive is provided with information when breaches of this policy or discrepancies are identified;
- Monitoring and reporting any costs associated with the administration of this policy and procedures within their teams and/or areas of responsibility.

#### *Staff*

Employees are responsible for:

- Familiarising themselves with this policy.
- Ensuring compliance with the policy.

### 5. **Policy Statement**

BCE recognises the need to have in place a framework to demonstrate sound financial governance of our business operations. BCE believes that the setting and reviewing of policy is a prime responsibility and should provide a clear, consistent and transparent basis for initiation, development, review, management and reporting of BCE's Finance/Accounting Policy documents to ensure the efficient and economic use of resources.

The Financial Management Policy describes the manner in which this framework will assist to develop, implement, document and review policies, procedures, systems and internal controls to assist to meet BCE's financial responsibilities. The framework will include a financial/accounting management compliance program to cover assessment of financial policies, procedures, systems, internal controls, risk management, financial reporting and management reporting. In addition that all documentation meets accountability, reporting compliance and legal requirements.

The Chief Executive is responsible for the implementation of the Policy and the development and implementation of associated procedures that support the principles of the Policy and the fostering of an appropriate culture and commitment to the financial management framework.

*The aim of the Financial Management Policy is to:*

- To describe the policy framework for the sound financial/accounting management of BCE business operations and processes;
- To ensure that BCE has a robust and transparent financial/accounting management, audit compliance and reporting program;
- To ensure that BCE demonstrates high standards of financial/accounting management governance in all functional areas.

The effectiveness of this policy will be reviewed on an annual or as needed basis within the management framework. The Policy will not be reviewed altered or deleted as to affect any process that has commenced in accordance with this policy.

### 6. **Policy Procedures**

*Policies within the Financial Management Framework will include:*

- Recognition of Assets, Liabilities, Income, Expenditure, Other Items
- Authorisation to approve recognition of Assets, Liabilities, Income, Expenditure, other items

- Management of:
  - Income and Expenditure
  - Assets (General) – Cash and Investments, Credit Control
  - Non-current (Fixed) Assets
  - Liabilities (General)
  - Provisions e.g. (Employee Leave Costs)
- Budget Control and Review

The following procedural guidelines will be established and maintained for income and expenditure items:

- authorisation to approve and recognise
- ensure regular and timely reconciliations
- ensure prompt recording and allocation
- ensure prompt payment or receipt

*Objectives of the Financial Policy:*

- Ensure complete documentation of Assets and Liabilities to:
  - Substantiate existence or occurrence of Assets and Liabilities including tangible, intangible, financial assets and liabilities, provisions, contingencies, guarantees and indemnities.
  - authorisation to approve, recognise and write-off
  - effective controls established and maintained
  - completion of regular and timely reconciliations.
- Ensure a program of financial management compliance is developed and implemented.
- Ensure complete and current registers are maintained for all:
  - contracts, consultancy and partnership arrangements
  - non-current assets
  - credit control; and
  - ensure that individual instances are regularly reviewed
- Ensure adequate Budget and Financial Reporting to include:
  - policies to document responsibilities, approvals, review and variations;
  - systems to ensure compliance and monitoring.
- Ensure Financial Reporting to meet the UK Government reporting requirements.

Corporate/Executive Management level with the help of our Accountants/Auditors will regularly review aspects of BCE financial management framework. This responsibility is assigned to the CEO with Board of Advisors oversight. Regular reports will be provided to the CEO on:

- Policy development and review
- Budget and financial performance monitoring and control
- Compliance matters
- Internal Control policy and monitoring
- Audit report identified issues
- Other financial issues

End of Year performance evaluation will also be assessed as part of BCE Strategic Plan.

### ***Provision for Qualifications Development and Assessment Management losses***

The determination of the amount of the losses and provision **for qualifications development and assessment management losses** should be based on management's judgment about the current risk of the **qualifications and assessment** portfolio, and should consider all relevant internal and external factors that affect **qualifications** and fees collectability as of the reporting date.

BCE should document the relationship between the findings of its detailed review of the **qualifications and assessment** portfolio; the amount of the qualifications development and assessment management losses and the provision **for qualifications development and assessment management losses** reported in each period. On a periodic basis, board and management should evaluate the accuracy of their process to estimate **provisions** and **losses** and adjust calculation factors and models accordingly.

### ***Cash Management***

Cash management refers to the practices and techniques designed to accelerate and control collections, ensure prompt deposit of receipts, improve control over disbursement methods, and eliminate idle cash balances. In general, the cash management function involves the effective and efficient use of cash to maximise cash flow at minimum cost.

In today's technological environment, electronic delivery systems are becoming increasingly important because of increased competition and the demand for more efficient and convenient capabilities. A significant number of transactions and amounts of funds can be moved electronically from one place to another almost instantaneously. Consequently, the opportunities presented can pose significant risks to BCE. Such threats include internal and external fraud, theft, and unauthorised manipulation of financial data.