



**Careers South West Ltd**  
(formerly Connexions Cornwall and Devon Ltd)

# Corporate Operating Model

for the local authority controlled company

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## 1. Background

### 1.1 History

The Company was incorporated in March 1995 as Cornwall and Devon Careers Limited, a company limited by guarantee.

The Company is a not for profit organisation with no distributions or dividend payments to its members.

The organisations that came together as members in 1995 to form the Company were: Cornwall County Council, Devon County Council, Plymouth City Council, Torbay Council, Council of the Isles of Scilly, Learning and Skills Council (Devon and Cornwall), South West Peninsula Health Authority, Devon and Cornwall Probation Service, Devon and Cornwall Constabulary, Jobcentre Plus, Business Link (Devon and Cornwall), Youth Enquiry Service, Devon and Cornwall Housing Association, and Devon Youth Association.

In April 2001 the Company changed its name to Connexions Cornwall and Devon Ltd in recognition of the members' partnership to deliver the Connexions Service.

In its first financial year 1995/96, the Company turnover was £6.13m with 236 employees. Turnover rose to £13.2m in 2001/02 with 352 employees and to £19.1m in 2008/09 with 420 employees.

Balance sheet reserves at 31st March 2009 excluding pension scheme liabilities were £1 million.

Connexions Service work represented approximately 61% of the turnover volume in 2008/09.

On the 1st April 2008 the Company became wholly local authority controlled with four members; Cornwall County Council, Devon County Council, Plymouth City Council, and Torbay Council.

These four local authorities entered into a Members Agreement in respect of their involvement and interest in the Company as a local authority controlled company.

In April 2009 the Company changed its name to Careers South West Limited to reflect the nature of, and geographic spread, of the services being delivered.

### 1.2 Purpose and core values

The primary object of the local authority controlled company is to develop, co-ordinate, operate and ensure provision of support services for young people and to provide careers advice, information and guidance services to people of all ages.

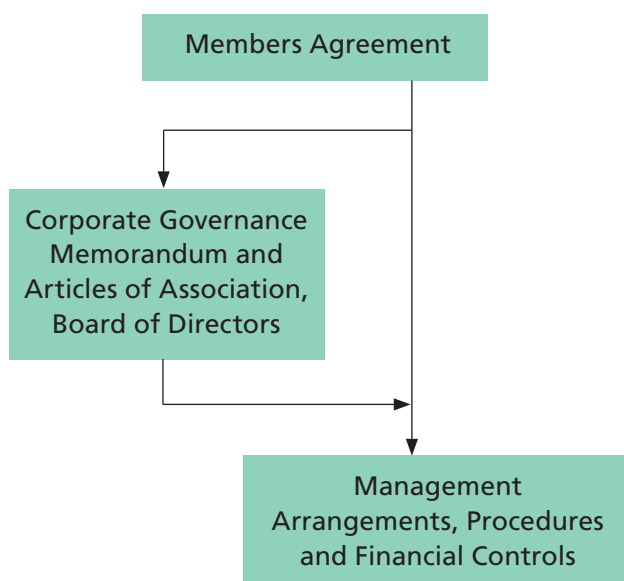
The Company's purpose is to engage all of its customers in learning and work. This is achieved through managing the delivery and provision of government funded programmes, primarily in the areas of information, advice and guidance support services to young people and persons of all ages.

The core values of the Company are to be:

- customer focused
- efficient and to offer value for money
- responsive to customer need and to provide relevant services
- champions of fairness and equality of opportunity for customers and our employees
- champions of partnership collaboration and co-operation
- innovative and to pursue continuous improvement in all activities
- trusting of our employees and to offer them development and learning opportunities.

## 2. Corporate governance

### 2.1 Constitution framework



### 2.2 Members Agreement Annex 1. (Clause reference in brackets)

This is the key document that details the terms upon which the four local authorities have jointly agreed to participate in the Company.

#### 2.2.1 Objects of the Company (2)

- The primary object of the Company is to develop, co-ordinate, operate and ensure provision of support services for young people and to provide careers advice, information and guidance services to people of all ages.
- The members shall carry on the business in the best interests of the Company on sound commercial principles with a commitment to collaborative working.

#### 2.2.2 Appointment of directors (4)

- Each local authority appoints two ex-officio directors.

#### 2.2.3 Conduct of the Company's affairs (5)

- Members given full access to books and accounts, monthly management accounts and operating statistics.
- External auditors to be KPMG LLP.

- Bank to be National Westminster PLC.
- Registered office – Pennygillam Industrial Estate, Launceston.
- Board meetings to be convened as Articles of Association.
- Board responsibility for the supervision and management of the Company and determines general policy.

#### 2.2.4 Matters requiring consent of all four local authorities (6)

- Creation of a fixed or floating charge.
- Guarantees or indemnities.
- Sale or disposal of material assets other than in normal course of business.
- Setting levels of capital expenditure.
- Appointment and dismissal of directors.
- Taking of a leasehold interest.
- Entering in to a partnership.
- Create a contract with a member.
- Invitation for any other local authority to become a member.

#### 2.2.5 Procedure in event of deadlock (8)

- To be used when a matter has not been resolved by the Board.

#### 2.2.6 Members Agreement not to constitute a partnership (10)

- No member has authority to bind the other in any way.

#### 2.2.7 Strategic and critical business issues (14)

- Ex-officio directors to keep members properly informed.

#### 2.2.8 General commitment to co-operative working (15)

- Expressed commitment aimed at ensuring stability and continuity for the Company and avoid detrimental position for a member (e.g. cross-subsidy).

### 2.2.9 Consultations or decisions (16)

- Consideration of specific matters by local authority officers in the first instance.

### 2.2.10 Commissioning of services (17)

- Strategic approach to joint commissioning.

### 2.2.11 Business Plan and budget (18 and 19)

- Consideration of annual Business Plan and annual operating budget.

### 2.2.12 Exit provisions (20)

- Member leaving to give six months notice.

### 2.2.13 Agreed proportions (21.2)

- In event of winding up any property or share of liabilities according to population statistics:

Cornwall and Isles of Scilly	– 31.9%
Devon	– 44.9%
Plymouth	– 15.1%
Torbay	– 8.1%

### 2.2.14 Pension scheme - Deed of Guarantee

- The company is a community admission body of the local government pension scheme administered by Cornwall County Council, by a replacement admission agreement.
- The four members of the local authorities (i.e. Cornwall, Devon, Plymouth and Torbay) have agreed to guarantee severally and in the agreed proportions (see 2.2.13) the obligations of the Company in respect of the local government pension scheme.

## 2.3 Company Limited by Guarantee

- The Company is a corporation created by a legal process within the rules of the Companies Acts.
- As a legal entity, the Company is separate from the members associated with it.
- By coming together to form a company limited by guarantee, the members benefit from limited liability i.e. the individual liability of each member is limited to £1.

- There are four members of the company:
  - Cornwall County Council
  - Devon County Council
  - Plymouth City Council
  - Torbay Council

## 2.4 Memorandum and Articles of Association Annex 2.

These are the formal documents detailing the objects of the Company and the rules by which it is run in compliance with the Companies Acts.

### 2.4.1 Objects clause

- To develop, co-ordinate, promote, operate and ensure provision of support services for young people and to provide careers advice, information and guidance services to people of all ages.
- Any activities outside of those expressly stated in the Memorandum of Association are ultra vires.

### 2.4.2 General meetings

General meetings are meetings of the members. An annual general meeting is to be held each year. The normal business at the annual general meeting is to receive the annual Directors' Report and Financial Statements and to appoint the external auditors.

### 2.4.3 Voting

- The four members of the Company have equal voting rights at a general meeting.
- There is no chairperson casting vote and in the case of equality of votes, the deadlock procedure defined in the Members Agreement would be applied.

## 2.5 Board of Directors

### 2.5.1 Composition of the Board

- Eight ex-officio directors, two from each member
- Six nominated directors
- One chief executive
- The ex-officio directors are appointed by each member and alternate ex-officio directors are allowed.
- The nominated directors are appointed by the Nomination Committee which is made up of one ex-officio director from each member.
- Nominated directors serve for a four year term which may be followed by a further term of four years.
- The Board appoints the Chief Executive who shall serve as a director.

### 2.5.2 Directors' powers

- The Directors are responsible for the management of the affairs of the Company and may delegate any of its powers to a committee and/or the Chief Executive acting as a director.
- The Directors act collectively as a board.

### 2.5.3 Remuneration of directors

- Directors are not entitled to remuneration other than the Chief Executive (as an exception) and the Chairperson (subject to maximum of £5,000p.a).

### 2.5.4 Proceedings of directors

- The quorum for the transaction of business of the Board is one ex-officio director from each member and one nominated director (i.e. five in total).
- Decisions are made by a majority of votes and there is no chairperson casting vote. In the event of deadlock, the procedure in the Members Agreement is applied.
- The Board of Directors meet at least quarterly and the proceedings follow a standard agenda.

### Annex 3 - Standard Board meeting agenda

### 2.5.5 Chairperson

- The Board appoints one of the nominated directors as chairperson for a term of two years which may be followed by a further term of two years.

### 2.5.6 Committees of the Board

- To comply with best practice and in accordance with the Articles and Association the Board has a structure of committees.

#### Audit committee

The principle responsibilities on behalf of the Board are to satisfy itself as to:

- the reliability of financial statements
- the effectiveness of internal controls and risk management.

The terms of reference are to:

- review the annual financial statements of the Company with the external auditors and to recommend approval to the Board
- identify and analyse key risks and to monitor the effectiveness of internal control systems in accordance with Turnbull report guidelines
- consider the effectiveness of the Company's whole system of risk management relating to financial, operational, compliance, Health and Safety, environmental, and equality and diversity issues
- appoint a provider of internal audit services including audit needs assessment and to agree the scope and objectives of their work
- advise the full Board on the audit needs assessment and the internal audit work plans
- monitor the quality of both the external audit service and the internal audit service.

The committee will normally meet four times each year.

The membership of the committee is three nominated directors excluding the Chairperson.

#### Remuneration committee

The terms of reference are to monitor the performance of the Chief Executive, and to annually review the conditions of service and remuneration of the Chief Executive.

To annually review the roles, conditions of service and remuneration of the senior managers who have the title of director.

The committee meets at least once a year normally in March. The membership of the committee is four ex-officio directors, one from each member and the Chairperson.

#### Nominations committee

The terms of reference are to advertise, search, recruit, select and appoint suitable individuals to be nominated directors of the Company.

The process for making appointments will follow the recommendations of the Nolan Committee.

Board vacancies are to be publicly advertised to enable individuals to make self-nominations.

The recruitment and selection of nominated candidates shall be by reference to the summary of responsibilities of the Board of Directors.

Nominations to fill vacancies on the Board will be selected to maintain a mix of background and current interest in support services for young people and/or information, advice and guidance services for persons of all ages.

The committee meets as required and the membership is one ex-officio director for each member.

### 2.5.7 Responsibilities of the Board of Directors

The Board of Directors are responsible for:

#### • Strategy

- determining the strategic objectives and business activities in which the Company should engage
- ensuring that the Company has adequate long term objectives and strategies, expressed in both physical and financial terms
- ensuring that the Company reviews its business plans in the wider context of the local and national environment and with adequate intelligence as to the activities of its competitors and developments in technology
- approving the budgets presented by the management and ensuring that they are compatible with short-term and long-term objectives.

#### • Appointing

- selecting and appointing the Chief Executive and determining the terms of their contract

- ensuring the adequacy of the Company's management structure and resources for specific and general tasks, and the planning of management development and succession.

#### • Monitoring

- ensuring that the Company's information systems are adequate to monitor performance and to provide for sound decisions made by the management team
- monitoring management performance against strategic objectives and compliance with strategic policies.

#### • Accountability

- ensuring that the Company complies with its legal obligations as to the disclosure of information and maintains an appropriate level of transparency about its business through the annual report
- ensuring proper use of public money and that the Company has sound financial systems, including appropriate internal control systems in accordance with the Turnbull recommendations.

#### • Health and Safety, Environmental and Equality

- ensuring the effectiveness of Health and Safety and environmental policies and risk management arrangements, through the nomination of one of their numbers as Health and Safety and environmental director
- ensuring the adequacy of equality and diversity policies and their implementation through the nomination of one of their number as Equality and Diversity Director
- The Chief Executive is the nominated director for Health and Safety, environmental and equality and diversity.

#### • Safeguarding

- ensuring that the Company observes all legal requirements and formal guidance in relation to safeguarding children, young people and vulnerable adults
- the Chief Executive is the nominated director for safeguarding.

[Annex 4 – Health and Safety policy](#)

[Annex 5 – Environmental policy](#)

[Annex 6 – Equality and Diversity policy](#)

### 2.5.8 Fiduciary duty to the Company

- A director has certain legal duties, but also fiduciary duties and a duty of skill and care.
- In carrying out their duties, directors are in a fiduciary position i.e. in a position of trust. Directors owe a fiduciary duty to the Company. They must show it (the Company) the highest loyalty and act bona fide in the Company's interest.
- A fiduciary duty is owed primarily to the Company and not to the members.
- A director must not abuse their position and must therefore, not put themselves in a position where there is conflict of interest between the Company's best interests and their personal interests.

### 2.5.9 Directors' statutory duties

The Companies Acts now include a statutory statement of seven general directors' duties.

These statutory duties are owed to the Company:

- The duty to act within the Company's powers.
- The duty in good faith to promote the success of the Company.
- The duty to exercise independent judgement.
- The duty to exercise reasonable care, skill and diligence.
- The duty to avoid conflicts of interest.
- The duty to not to accept benefits from third parties.
- The duty to declare interest in proposed transactions or arrangement with the Company.

### 2.5.10 Accountability and disclosure of interests

- The Board is responsible for ensuring that the Company complies with its legal obligations as to the disclosure of information and maintains an appropriate level of transparency about its business.
- Individual directors have a duty to disclose other directorships held by them, and to declare any direct or indirect pecuniary interests they have in contracts with the Company.
- The Company Secretary maintains a Register of

Interests in respect of the directors.

- When a Director has a personal and material interest in a matter to be discussed at a meeting or at a committee of the Board, the Director must declare an interest before the discussion begins and withdraw from the meeting for that item unless expressly invited to remain. Generally directors may not vote on matters which they have a material interest, however voting rules contained in the Articles of Association (52 & 53) enable ex-officio directors to vote where that interest arises solely because they are a member, officer or employee of a local authority.
- In general terms the Board will be expected to carry out its activities observing the highest standards of integrity and objectivity and having regard to the seven principles of public life and the elements of best practice set by the Nolan Committee on standards in public life.

#### The seven Nolan principles of public life

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

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

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

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

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

**Honesty:** Holders of public office have a duty to declare any private interests relating to their public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

**Leadership:** Holders of public office should promote and support these principles by leadership and example.

### 2.5.11 Insurance against liability

- The Company arranges combined directors and officers liability/professional indemnity insurance cover.

### Annex 7 – Register of Insurances

### 2.5.12 Reimbursement of business expenses

- Directors are allowed to claim reimbursement of expenses incurred wholly, exclusively and necessarily in the performance of their duties.

### 2.5.13 Press and media protocol

- Directors are entitled to offer views and opinions on business related matters as individuals, however there is a risk that individual views may be portrayed in the press as an official company stance.
- The company has a Press Officer to whom press and media approaches should be referred.

### 2.5.14 The Company accounts

Under the requirements of the Companies Act 2006, it is the duty of directors to:

- ensure that paper and accessible accounts records are kept by the Company
- prepare and approve annual accounts which comply with the Act
- ensure that the Company sends copies to the members and to Companies House.

The accounts and reports prepared for the members must include:

- a Directors' report
- an income and expenditure account
- a balance sheet.

### External auditors

- Auditors must be appointed at each general meeting at which accounts are considered.
- The Auditors have a right to receive notice of, attend and be heard at meetings of the Company's members. They have a right at all times to the Company's books, accounts and vouchers.
- The Auditors duty is to form an independent

opinion, based on their audit, and to make a report to the members on whether the Company's accounts give a true and fair view of the state of the Company's affairs.

### 2.5.15 Company Secretary

- The Directors are responsible for appointing a Company Secretary who is an officer of the Company.
- The Company Secretary is expected to have the requisite knowledge and experience.

The Company Secretary's duties include:

- to ensure that the Chief Executive and the Board of Directors are informed about the requirements placed on the Company by legislation
- to complete and sign the annual return of the Company
- the signing of the Directors' report in the Company's annual accounts
- the making of various statutory declarations on behalf of the Company and the maintenance of the statutory registers of the Company
- to attend board meetings and ensure that the correct procedures are followed and minutes prepared and kept both at board and general meetings
- to keep a register of members, charges, deeds executed, directors, secretaries and directors' interests of the Company
- to ensure that the statutory books and accounts are maintained in accordance with company law
- to administer the registered office to include dealing with official correspondence received; to look after company intellectual property rights and advise on the legal aspects of company publications
- to maintain proper and adequate insurance cover for the Company assets and activities.

## 3. Management arrangements

### 3.1 Chief Executive

- The Chief Executive is the sole executive director and the Board of Directors delegates power and authority to the Chief Executive to manage the day to day affairs of the Company without reference to the Board.
- The Chief Executive is employed under a contract of employment.

### 3.2 Senior Management Team

- The Senior Management Team of the Company is titled the Directors Strategy Group (DSG).

The DSG is composed of:

The Chief Executive  
 Director of Finance/Company Secretary  
 Head of Quality, Contracts and Adult Services  
 Director of Education Services  
 Director of Community Services

A structure of middle managers report to the individual members of DSG.

#### Annex 8 - Management organisation chart

### 3.3 Delegated management responsibilities

Directed and chaired by the Chief Executive, the DSG has delegated responsibilities for:

- responding to new business opportunities within the Company's objects, through bidding and negotiating to secure appropriate contracts to deliver services
- preparing and recommending to the Board the Company's annual Business Plan and operating budget
- implementing, monitoring and reviewing business opportunities and activities in accordance with the adopted Business Plan and operating budget
- preparing and reviewing company policies and procedures.

### 3.4 Bidding for new/additional contracts

- The Chief Executive has delegated authority to bid and commit for contracts up to an annual (April/March) value of £1 million without the approval of the Board of Directors.
- An aggregate value in excess of £1 million is regarded as a material change requiring formal consideration (see 3.5).
- The overarching principle is that bids will only be made in accordance with the Company's objects (see 2.2.1).
- Defined procedures (A1 and A2) are contained within the company's Procedures Manual (see 3.8).

### 3.5 Annual Business Plan and operating budget

- The Business Plan and operating budget are prepared by DSG in response to contractual commitments.
- The Business Plan is formally considered by officers of the local authorities on behalf of the respective members of the Company, before adoption by the Board of Directors.
- The operating budget is formally considered by officers of the local authorities on behalf of the respective members of the Company, before adoption by the Board of Directors.
- Similarly, any material changes during a financial year require formal considerations as described.

### 3.6 Performance monitoring

Project management criteria are used to monitor delivery performance:

on time  
 to cost  
 to input specification and outcome targets  
 to quality standard.

DSG monitors and reviews performance on a monthly basis and quarterly reports are provided to the Board of Directors.

### 3.7 Corporate strategies

The Company Corporate Plan includes eight key corporate strategies providing the framework within which the management of the Company operates:

- Equality and diversity
- Human resources
- Information systems
- Financial
- Quality and evaluation
- Marketing
- Health and Safety and environmental
- Child protection

### 3.8 Financial regulations

#### 3.8.1 Introduction

The Company has a set of financial regulations which detail the financial systems and procedures that are in place.

They provide guidance for employees who have responsibility for the management of resources and control of income and expenditure.

Failure to comply with any terms of these financial regulations may result in disciplinary action.

These financial regulations set out responsibilities and procedures and are to be applied to ALL of the operations of the Company including non-core autonomous projects.

The Company finance procedures referred to form an integral part of these finance regulations.

#### 3.8.2. Financial responsibilities

The **Board of Directors**, through delegation to the Chief Executive, is responsible for the effective and efficient use of resources, the solvency of the Company and for safeguarding its assets.

The Board is responsible for approving annual budgets of income and expenditure and any borrowing or loan facilities.

The **Chief Executive** has delegated powers from the Board of Directors, to sign contracts and agreements with contract and funding bodies. A **register of contracts and agreements** committed and signed by the Chief Executive is maintained.

The **Chief Executive** is responsible to the Board for preparing annual budgets of income and expenditure for consideration by the Board and for the management of resources within the budgets approved by the Board. The Chief Executive may delegate functions but not responsibility.

To assist in discharging these responsibilities the Chief Executive designates members of staff as **budget holders**. Budget holders are responsible for the control and monitoring of expenditure and human resource establishment within allocated budgets. Delegation to budget holders shall be in writing. Budget holders are responsible to the Chief Executive for ensuring that the action they take is in accordance with these financial regulations.

The **Director of Finance** is responsible to the Chief Executive for advising on the financial aspects of company policy, its financial administration and for ensuring that the Company has satisfactory and adequate systems of financial control and management.

The Director of Finance is responsible to the Chief Executive for preparing statutory annual accounts and regular management accounts as set out in the financial regulations, such accounts to be prepared in accordance with the agreed format.

The **external auditors** are appointed by the Board of Directors and shall prepare an annual report for the members of the Company on the Company's activities in accordance with the provisions of the Companies Acts. The external auditors have a right of access to any minutes, accounting records and documents or any other relevant information kept by the Company.

The Audit committee of the Board considers the statutory annual accounts and the financial statements prior to submission to the Board.

The external auditors will submit their report on the Company's activities to the Board of Directors prior to submission to the annual general meeting of the members of the Company.

**Internal auditors** are appointed by the Board through the Audit committee of the Board, to give an opinion on the adequacy and effectiveness of the internal control system.

**Budget holders** are responsible to the Directors Strategy Group (DSG) for the control of expenditure and human resource establishment of the budgets delegated to them.

Budget holders are responsible for day-to-day management of budgets and will have the following responsibilities:

- Authorising expenditure and recruitment against budget subject to the controls contained in the financial and human resource procedures.
- Monitoring expenditure, human resources and commitment of expenditure during the year with reference to the budget for the year.
- Reporting regularly to the DSG if it is foreseen that a delegated budget could become overspent or significantly underspent, or in other ways diverge from the expectations of the funding body.
- Budget holders may delegate the function of budget administration but not the responsibility for control of budgets. These delegations will be referred to as sub-budgets.

### 3.8.3. Budgetary control

The principle mechanism for the control of expenditure will be through budget management.

The Director of Finance is responsible to the Chief Executive for the preparation of annual estimates of income and expenditure including capital expenditure requirements and cash flow forecasts. The annual estimates shall be considered by DSG before final approval by the Board.

The Board of Directors will be asked to formally approve **the operating budget** and cash flow forecasts, normally in March each year. (see 3.5).

Additional commitments entered into during a budget year will be approved by the Board on a retrospective quarterly basis.

Once the Board has approved the budget, the Chief Executive is authorised to incur expenditure in accordance with any conditions specified by the funders and in accordance with these financial regulations.

The approved operating budget incorporating the expenditure plans of budget holders, is the

budget against which actual expenditure and contractual commitments will be measured.

A list of current budget holders is to be included in the approved operating budget document. Approval by the Board will be taken to signify that the expenditure limits of the individual budget holders are approved within the overall budget.

The names of staff who will administer sub-budgets are to be submitted by budget holders to the Financial Accountant at the start of the budget year.

Each month budget holders and delegated staff approved to administer sub-budgets will receive details of actual expenditure and committed transactions compared with budget. Where adverse variances from budget profile are incurred, an explanation must be given with the aim of establishing the appropriate corrective action. Where a material/significant departure from the approved budget is forecast, a report is to be submitted to the Director of Finance.

### 3.8.4. Management accounts

The Chief Executive is accountable to the Board for effective budgetary control within the approved operating budget.

The Financial Accountant submits monthly management accounts to DSG and quarterly management accounts to DSG and the Board, outlining actual income and expenditure with comparison to budget. A commentary is also given to highlight and explain significant variances.

The format of the management accounts will be in accordance with the specification of the Director of Finance to meet the needs of the Board and the budget holders.

The Company has a cautious policy for recognising the contract income in the management accounts. The policy is particularly appropriate for European Social Fund (ESF) contracts.

### Income recognition

#### a) Categorisation

All projects/contracts are to be categorised as either grant funded income to support services, or contracted income which is dependent upon achievement of defined outputs or specific measurable outcomes.

**b) Income recognition**

For grants category income is recognised in direct proportion to the eligible expenditure incurred for a given period i.e. a matching concept.

For contracts category income is recognised as the proportion of the total contract value, that actual incurred expenditure for the period is as a percentage of the original budget costs or total forecast costs to complete, if greater.

**c) Provisions**

For both categories, and particularly the contracts category, forecast outputs are reviewed to establish whether any reduction in the income calculated in (b) above, should be made, to reflect predicted poor performance which would result in a reduction (e.g. claw back) of the total contract value.

NB work in progress monitoring system is required to contract manage this aspect. This is particularly important for sub-contracting arrangements.

**d) Taxation**

Expenditure/costs are allocated to individual projects/contracts so that the streaming arrangements for VAT and corporation tax computations can be complied with, without raising unnecessary issues with HMRC inspectors. The method of allocation of expenditure/costs is to be consistent and common for all projects/contracts.

**3.8.5 Finance procedures**

The Company has a set of finance procedures which document the systems of financial control. The procedures are contained within section B of the procedures manual.

**Procedure B1 - Procurement and purchasing**

System for controlling expenditure commitment and approval to maintain management control of purchasing and to ensure that goods/services are purchased at the most competitive price and provide value for money.

**Procedure B2 - Payments**

Control systems to ensure that financial resources are managed effectively.

**Procedure B3 - Petty cash processing**

Provides a system for enabling small value purchases and client reimbursements to be made locally in cash.

**Procedure B4 - Monthly accounting control**

Control systems to ensure the elimination of errors in financial data used to prepare the monthly management accounts and annual statutory accounts.

**Procedure B5 - Sales invoicing**

Systems for authorising and preparing sales invoices.

**Procedure B6 - Payroll**

Control systems for the processing of payroll

**Procedure B7 - Debtors control**

Systems to regularly monitor and control outstanding debtors to minimise working capital requirements.

**Procedure B8 - Capital expenditure**

Control of capital expenditure.

**Procedure B9 - Purchase of IT software**

Specific requirements for the purchase of IT software.

**Procedure B10 - Inventory register of assets**

Systems for recording and monitoring of company's assets.

**Procedure B11 - Receipts**

System to monitor payment receipts.

**Procedure B12 - Approval to commit to provide services**

Control system for commitments is now included in section A.

**Procedure B13 - Travel and subsistence**

Systems for the control and reimbursement of costs of travel and subsistence on company business.

**3.8.6. General ledger and chart of accounts**

The Financial Accountant is responsible to the Director of Finance for maintaining a chart of accounts and integrated expense coding structure to ensure that the annual statutory accounts, monthly management accounts and individual project/contract accounts can be prepared as required.

The Financial Accountant will ensure that time card project codes are allocated as required for contract reporting purposes and that budget holders brief their staff on the use of time card codes.

### 3.8.7. Treasury management

The investment policy of the Company is that any surplus funds should be invested so that the funds are not put at risk and that the best possible level of interest is received.

The Director of Finance will agree a strategy with the Financial Accountant to comply with the policy.

The appointment of bankers for the Company shall be approved by the Board along with the authorisation of signature mandates. The provision of banking services will normally be reviewed by the Board every three years.

Any borrowing facilities with the Company's bankers shall be formally approved by the Board of Directors.

### 3.8.8. Taxation

The Chief Executive is responsible for ensuring that any corporation tax or value added tax liabilities are identified and paid to HMRC.

The Director of Finance is responsible to the Chief Executive for the preparation of the necessary records and documentation to comply with corporation tax and value added tax returns and payments.

The Director of Finance is responsible to the Chief Executive for ensuring that deductions in relation to payroll are remitted promptly to HMRC.

### 3.8.9. Formal legal agreements - Deeds

Particular kinds of agreements are required by legislation to be executed as a Deed e.g.:

- Leases for more than three years (Section 52 Law of Property Act 1925).
- Contract for the sale of land and buildings (The Law of Property (Miscellaneous Provisions) Act 1989).

The Company does not have a company seal and the execution of deeds on behalf of the Company, is by the signatures of both a Director and the Company Secretary, or the signatures of two directors.

The detail of deeds executed on behalf of the Company is reported quarterly to the Board of Directors.

A memorandum register of deeds executed on behalf of the Company, is maintained by the Company Secretary.

### 3.8.10. Insurances

The Company Secretary is responsible for maintaining appropriate insurance cover in respect of:

- Employers liability.
- Public liability.
- Directors and officers liability.
- Fixtures and fittings, furniture and ICT equipment.
- Motor vehicles.
- Business interruption.
- Money.
- Professional indemnity.

## 3.9 Procedures manual

- The Company's procedure manual details the policies, processes and procedures that are in place to ensure effective management and control of the company's activities:

Section A	Project and Contract Management
Section B	Finance (referred to in Financial Regulations)
Section C	Computers
Section D	Communications
Section E	Corporate Image
Section F	Public Relations
Section G	Legal/Security
Section H	Human Resources
Section I	Health and Safety

## 3.10 Risk management and internal audit

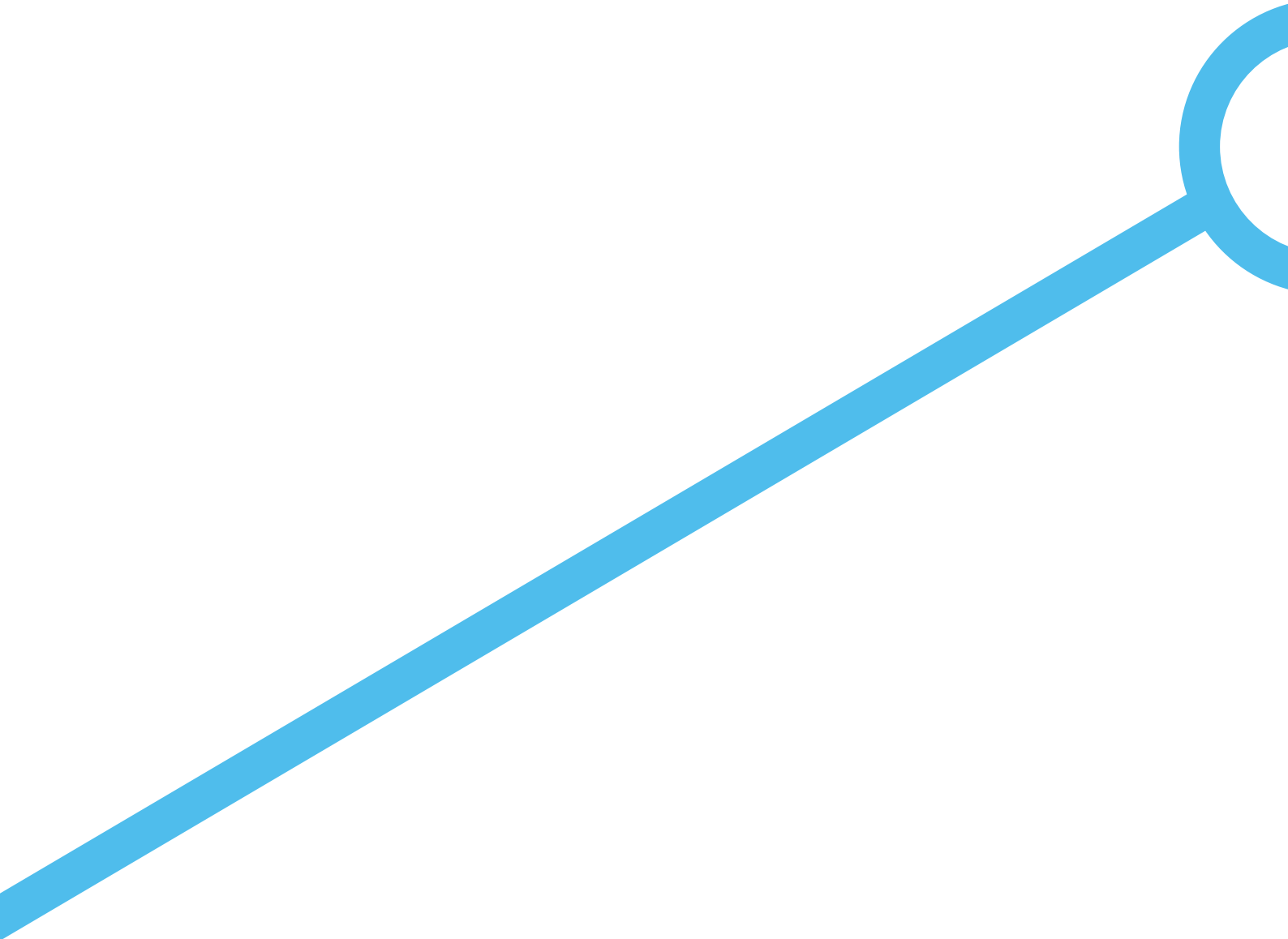
- The Senior Management Team (DSG) maintain a risk assessment of the business which is reviewed annually.
- A risk management framework document is used to record the assessment by categorising the top risks into business risks and management process risks. Each risk is assessed in respect of its impact and the probability of occurrence.
- The risk management framework is reviewed annually by the Audit committee of the Board.

- Risk management controls are put in place to mitigate risks and internal auditors are employed to review areas of risks and provide assurance to the Board through reports to the Audit committee of the Board.

### 3.11 Customer complaints

Customer complaints are handled at three levels:

- Initial contact and complaints handled by local/ area manager.
- Where customer not satisfied then complaint referred to Chief Executive.
- A further referral to a sub-group of at least two ex-officio directors to be convened specifically for the purpose.



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