

Use of Public and Charitable Funds Policy

Control Environment and Responsibilities

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1) Introduction

Overview

This policy is to help managers make judgements in situations where it is unclear if the use of British Council resources is appropriate or right.

If there is any suspicion of the fraudulent use of British Council resources (see definition in section 5 below), further guidance is available in the anti-fraud and corruption policy.

In a global organisation it is extremely important that all areas of the business apply financial policy in a consistent manner.

Audience

This policy is for:

- all those responsible for budgets at all levels of the British Council, i.e. Regional Directors, Country Directors, Finance Managers and their staff, Project Managers, Heads of UK Departments
- all to whom budget management has been delegated

Responsibilities

All budget holders are responsible for adhering to this policy.

2) The policy

British Council funds cannot be used for private interests.

All British Council expenditure must stand up to any public scrutiny: in other words, it must be able to withstand any public investigation, however extensive. The Standards below give guidance for specific areas and should be followed.

If there is any uncertainty, you must consult your country director or senior manager. If there is still a doubt the country director or senior manager may refer the matter to Director Finance, who may in turn consult Director Human Resources.

Director Finance's judgement on whether a particular charge should be met by the British Council or by the individual is final.

3) Business reasons for applying the policy

The British Council (the Council) is a Non-Departmental Public Body (NDPB) incorporated by Royal Charter. The Council is classified as a public corporation for budgetary and national accounts purposes. The Foreign and Commonwealth Office (the FCO) is the sponsoring Department of the Council. Accordingly it is important that the Council operates to the highest standards of conduct expected of the British public sector.

The British Council is also a registered charity. As such it is important that the British Council is careful to ensure that its funds are properly used to meet its charitable objectives.

The organisation must stand up to public scrutiny and expectation to protect and enhance its reputation. Any breach puts the British Council's success and reputation at risk.

In addition the British Council is under a duty from the Treasury to make proper use of the funds which it receives in order to carry out its work. Its financial transactions and records are subject to regular scrutiny by the National Audit Office and to public comment.

Adherence to the Use of Public Funds policy should:

- protect the British Council's public profile and reputation;
- ensure that the British Council is conducting its business in line with Treasury rules regarding use of public funds.

4) Standards

a) Private Interests and British Council Resources

Sometimes official duties and private matters will encroach upon each other, particularly outside the UK. Principles in such situations are as follows:

- British Council resources may be used to deal with matters arising in the course of, or as a direct result of, the official duties of a British Council employee;
- British Council resources **must not** be used to deal with an employee's private concerns or to pursue a private interest.

Budget holders must always consult Director Finance in the following cases:

- a matter has arisen only because the employee is in the service of the British Council and you recommend the use of British Council funds. For example a member of staff threatened with personal legal action as a result of a decision taken quite properly in the course of their employment;
- it is in the British Council's interest and in the public interest (as distinct from the interest of the individual concerned) for the British Council to use its resources to deal with a private matter. For example a member of staff creates a work of art in their private capacity and the British Council feels it may benefit from giving the work of art some publicity.

In these cases, Director Finance will take into account whether the use of British Council funds is to prevent a personal loss or contribute to a personal gain. The British Council must be particularly careful about any situation where employees could be regarded as gaining personally from the use of British Council funds.

Where, exceptionally, British Council funds are used to prevent an otherwise unreasonable personal loss which is not compensated for in any other way (for example through elements in overseas allowances) the British Council contribution will be limited to those extra costs which arise directly and unavoidably from the individual's role as a British Council employee.

b) Legal Costs

If there are any circumstances which may give rise to private legal proceedings resulting from a staff member's official duties, the Legal Adviser should be consulted immediately.

Particular Treasury rules apply to legal representation of employees at public expense. Director Finance will normally agree to the use of British Council resources for all or some of an employee's legal costs (for example in legal representation or where civil damages are awarded) if the situation has arisen from the employee's proper conduct in the course of British Council employment or from the employee's official position.

The British Council is not obliged to cover an employee's legal costs if that employee has been acting outside the scope of their employment or if that employee appears to have acted wrongly or improperly.

In cases where legal representation is necessary, the British Council may decide to use its own legal officers. They may be British Council employees or they may be engaged directly by the British Council for the purpose. If the British Council decides to use its resources in legal proceedings, the British Council will have first call on any damages received to cover its legal costs, unless this conflicts with local law.

c) Travel Costs

The British Council will meet the costs of an employee's travel on official business.

Details of the travel policy, rules and procedures are available in the HR Travel and Expenses section.

Details of travel for UK-appointed staff to and from their overseas post or on leave are given in the Essential HR section on overseas postings.

If a member of staff is entitled to a particular class of travel but decides to downgrade the class of travel, the benefits must be returned to the British Council. Equally, benefits received in the form of "air miles" from travel at British Council expense may be used for official British Council business only.

d) Entertainment

Publicly funded entertainment must always be strictly justified in terms of the operational purpose served by the entertainment. It should be modest in style and cost and should not extend beyond the normal and conventional.

This is due to the context of charitable and public money with which the British Council works, and the public profile and reputation the British Council has to maintain.

These Standards apply equally to all activity streams and to all parts of the British Council at all levels.

Any entertainment which does not conform to the guidelines below requires written agreement in advance from Director Finance.

i) Entertainment of external contacts

Entertainment may be a part of the way the British Council conducts business with our external contacts. However the following standards should be followed:

- any entertainment must have a clear purpose, for example attracting or improving relations with our various clients, suppliers, target groups or sponsors.
- at least a third of the attendees should be external. Events for external contacts should not be arranged in order to justify the entertainment of staff at British Council expense.
- all British Council staff attending any Council-funded entertainment should be aware of its purpose and clear about their role in achieving it.

- introducing and welcoming new staff or launching a new service would be specifically allowed where there is a need to establish links with external contacts or to attract new clients.
- the British Council can pay for a handover event which has a joint purpose of introducing a new postholder and celebrating a departing staff member's contribution. However, this would only be appropriate where the post has had and will continue to have significant involvement with external contacts.
- the standard of entertainment should never be such that a reasonable person would describe it as lavish (e.g. vintage champagne would be inappropriate) and should be appropriate for the purpose. There is no question of competing with industrial or commercial standards of hospitality.
- The nature or location of the entertainment should never be such as to cause embarrassment to the British Council if disclosed (e.g. gambling clubs).

ii) Staff gatherings and social events

Under normal circumstances:

- British Council employees may not charge to British Council funds the cost of socialising with one another
- the British Council may not fund Christmas parties (but see below for traditional events)
- the British Council should not pay for leaving parties for individuals who are retiring or leaving a post (but see handover event under 'Entertainment of external contacts' above). The norm is for such parties to be funded by contributions from staff who wish to attend.

Exceptional staff social events:

We are bound by Treasury rules which state that any significant expenditure on social events for staff should be exceptional and require particular justification. They must always be directly or indirectly beneficial to a particular job or the business. This could include thanking staff for an exceptional achievement.

In certain specific circumstances, the British Council can pay for a social event. The following conditions apply:

- there must be a strong business justification for holding the event;
- the manager responsible must have approval from the relevant member of the Executive Board based on the business case, **before** arranging such an event;
- the cost of the event must be modest relative to the business value achieved;
- the British Council's contribution should not in any case be more than £25 per person;
- such events should be exceptional, and not frequent. Where they are repeated, the ongoing annual cost of any series of event should be borne in mind.

The following are specific events that are allowable **in the overseas context**:

- traditional events which local culture requires us to honour;
- events to promote staff welfare and morale for postings in difficult circumstances.

In all cases the events must be modest.

iii) Staff away days and retreats

Any staff away days or retreats should meet the following criteria:

- they must have specific management objectives, clearly defined in advance, and the outcomes must be equally clearly recorded afterwards;
- total expenditure on travel, overnight stays and meals should fall within reasonable limits compared with British Council travel and subsistence rates;
- such events should not be so frequent that they might attract public criticism;
- the type of event, venue or activities should be appropriate for the British Council and the managerial objectives;
- the British Council should not pay for drinks other than what would normally be served with dinner. This means that a modest amount of beer or wine with meals would be acceptable, but a free bar would not.

e) Medical expenses

The British Council will meet the cost of medical examinations or other procedures when they are incurred:

- in order to perform official duties (for example the cost of immunisation or prophylactic treatment recommended by approved medical advisers for overseas postings or official travel);
- while on official business overseas;
- exceptionally, when they result directly from such duties.

In all cases staff use of British Council resources will be in accordance with HR policy and any other terms and conditions of employment in force at the time.

In all cases staff must bear in mind the principle of economy and must where possible use the recommended providers of such services.

Staff on temporary UK-appointed postings overseas should refer to the Terms and Conditions for Temporary Postings Overseas in HR policy.

Staff undertaking business visits overseas from the UK (normally trips of less than one month in duration but can be longer) should refer to the Healthcare scheme for short term travel overseas within the travel and expenses policy.

Staff accepting Overseas Postings should refer to Health Benefits in the overseas postings section of HR policy.

f) Use of accommodation overseas

If accommodation is provided overseas, it must be for normal domestic purposes.

You may not use British Council resources to provide accommodation in excess of what is reasonably required for a family's domestic circumstances or for non-domestic purposes. For example, you may not provide accommodation to comply with a family's wish for an artist's studio or private consulting rooms. There is no objection, however, to such use of accommodation overseas by members of an employee's family provided that

- the British Council is not involved in extra expenditure

- such use does not affect the employees' ability to undertake their representational duties
- local laws and planning regulations are not infringed.

British Council funds must not be used to change items or décor in good condition solely because of differences in taste. Country Directors should ensure that purchases are made in line with corporate guidelines and represent good value for money.

For more details relating to accommodation for staff on overseas postings refer to HR policy on accommodation and related allowances.

g) Personal use of British Council services

Staff must not use British Council facilities, funds or the British Council's name to pursue any personal or private matter or interest. They must not use any of the following to further any outside activity without first obtaining consent from their country director or senior manager:

- equipment (including computer hardware and software and related systems)
- materials, e.g. stationery
- official vehicles
- secretarial and clerical services
- British Council communication (including accounting) channels

The manager will take into account the opportunity cost to the British Council as well as the guiding principles set out in this chapter.

They may occasionally use the telephone and the internet/e-mail for essential private purposes: guidelines on this and other exceptions to the general principle are left to the discretion of country directors and senior managers, within the overall context of this chapter, the code of conduct and standards on the use of British Council equipment and service.

There are also prescribed circumstances when British Council systems may be used for personal financial transactions e.g.

- the remission of funds from the sale of personal vehicles overseas
- the cashing of UK-based officers' personal cheques overseas

h) Provision of leisure facilities

Under certain circumstances the British Council may provide leisure facilities for staff. The British Council must always take care that such costs are modest.

The British Council will limit the provision of leisure facilities to occasions where there is a distinct operational advantage in doing so, or where staff wellbeing and good employer practice justify the expenditure.

Only a regional director may approve expenditure of this kind. In coming to a decision, the regional director will take into account local employer practice, the practice of HM Mission and the cost-effectiveness of the proposal.

i) Employment of spouses, relatives or friends

Anyone wishing the British Council to employ a relative, partner or friend in offices outside the UK must obtain agreement from line management at a minimum level of Country Director. For UK-appointed staff (including Regional and Country Directors) agreement must be obtained from the relevant departmental head.

For more information please refer to recruitment policy and standards in Essential HR.

j) Procedures for use of the professional services of Board members

The British Council is a NDPB and a registered charity. The Charity Commission states that:

“It is a fundamental common law principle that no trustee shall receive any benefit (be it property, goods, services or money) from their charity without express authority in a governing document, by statute, or by the Charity Commission or the Court.”

The British Council Charter (the governing document) does not expressly prohibit the payment of trustees for goods/ services provided over and above normal trustee duties. Therefore it is possible to pay fees to members of the British Council Board of Trustees for their services, but there are certain conditions that must be met under the Charity Commission guidance.

To ensure that the British Council does not breach the Charity Commission guidelines, the following procedures must be followed when fees are paid to members of the British Council Board of Trustees for their services.

- Any Directors wishing to use the professional services of a Board member must write to the Chief Executive Officer with a copy to the Secretary of the British Council:
 - stating the purpose of the activity
 - stating the fee to be paid
 - confirming that correct and normal procedures have been used to select the Board member, rather than any other person, for the work.
- The Board member's contract will be issued only on receipt of written authorisation from the Chief Executive Officer.
- The Chief Executive Officer will notify the Chair or Vice-Chair of the Board before the work begins.
- The Chair or Vice-Chair will notify the Board at the next Board meeting.
- For audit purposes, Head Internal Audit will monitor the use of Board members in this capacity.

5) Definitions**Fraud and Corruption**

‘Fraud’ is defined as the taking, attempting to take or obtaining by deception, money or any other benefit when not entitled to that benefit. The British Council may be exposed to:

- **External Fraud** – perpetrated by individual(s) outside the organisation, this includes organised crime,
- **Internal Fraud** – perpetrated by any person(s) connected to the British Council,
- **Collusion** – between any person(s) connected to the British Council and external parties.

'Corruption' is defined as the offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by British Council staff.

Non-Departmental Public Body (NDPB) is a classification applied by the Cabinet Office, Treasury and Scottish Government to certain types of public bodies, including the British Council. NDPBs are not an integral part of a government department and carry out their work at arm's length from Ministers, although Ministers are ultimately responsible to Parliament for the activities of bodies sponsored by their department.

Private Interests – a concern of an employee that is not part of British Council business.

Public Corporation - a company created to perform a governmental function or to operate under government control

6) Monitoring

The application of this policy will be monitored through a number of measures including:

- The Global Risk Reporting Process where business units will confirm compliance to the policy;
- The Global Accounts Team in Finance will conduct appropriate testing to ensure compliance, which will be reported in the Monthly Business Review meetings.
- Internal Audit will conduct appropriate testing to ensure compliance, which will be reported to the Audit Committee.

7) Contact for further information and advice

If you have any queries in relation to this policy please contact Financial Control and Compliance.