



Financial Regulations

December 2020

FOREWORD

To conduct its business effectively, a college needs to ensure that it has sound financial management systems in place and that they are strictly adhered to. Part of this process is the establishment of Financial Regulations, which set out the financial policies of the College.

Financial Regulations make good business sense, and for further education colleges, they have additional significance as their funding depends upon it. The financial memorandum between funding bodies and the colleges makes it a condition of grant that a college ensures that it has a sound system of internal financial management and control, and Financial Regulations are a core component of such a system.

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TERMINOLOGY

AUDIT COMMITTEE

A committee independent of executive responsibility, which advises the Governing Body on issues related to internal audit, external audit and financial control (including the management of risk). It is required to issue an annual report to the Governing Body, which, *inter alia*, comments on the College's system of internal control.

BUDGET HOLDER

A member of staff who has been assigned his or her own budget (including a head of department) and is accountable for College income and expenditure.

COLLEGE EXECUTIVE TEAM

The senior management group that assists the Principal in running the College.

FINANCE & ESTATES COMMITTEE

The committee with delegated responsibility for financial and estates related matters. The matters of delegation are set out in the Terms of Reference, which are reviewed annually.

FUNDING BODY

The Education and Skills Funding Agency (ESFA)

GOVERNING BODY

The Corporation, which has ultimate responsibility for the affairs of the College. The Corporation delegates specific powers and processes (as set out in the Terms of Reference) to its committees, including Audit Committee, Finance and Estates Committee, Standards Committee, HR Committee and the Remuneration Committee.

ASSISTANT PRINCIPAL

The head of an academic group who is responsible for overseeing the budget Heads of Department, they can approve expenditure across their academic group.

HEAD OF DEPARTMENT

The head of an academic area or non-academic service of the College, who is responsible for the budget of his or her whole department.

PRINCIPAL

The person with the ultimate executive responsibility for the management of the College. The Accounting Officer, with specific financial and managerial duties prescribed by the Funding Body. The role of Accounting Officer must be held by the head of the College.

FINANCIAL REGULATIONS

A GENERAL PROVISIONS

1 Background

- 1.1 The College is a Further Education Corporation created under the provisions of the Further and Higher Education Act 1992. Its structure of governance is laid down in the Instrument and Articles of Government. The College is accountable through its Governing Body, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2 The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.
- 1.3 The Financial Memorandum between the Education and Skills Funding Agency (ESFA) and the College sets out the terms and conditions on which the Funding Agreement is made. The Governing Body is responsible for ensuring that conditions of grant are met. As part of this process, the College must adhere to the Funding Body's Post-16 Audit Code of Practice, which requires it to have sound systems of financial and management control. The Financial Regulations of the College form part of this overall system of accountability.

2 Status of Financial Regulations

- 2.1 This document sets out the College's Financial Regulations. It translates into practical guidance the College's broad policies relating to financial control. This document was approved by the Governing Body on 10th December 2020. It applies to the College and all its subsidiary undertakings, unless specific regulations for each subsidiary have been separately approved.
- 2.2 These Financial Regulations are subordinate to the College's Instruments and Articles of Government and to any restrictions contained within the College's Financial Memorandum with the Funding Body and the Funding Body's Audit Code of Practice.

- 2.3 The purpose of these Financial Regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's business plan and objectives:
- financial viability and solvency
 - achieving value for money
 - fulfilling its responsibility for the provision of effective financial control over the use of public funds
 - ensuring that the College complies with all relevant legislation
 - minimising the risk of fraud and bribery
 - safeguarding the assets of the College.
- 2.4 Compliance with the Financial Regulations is compulsory for all staff connected with the College, including those from agencies or employed on a temporary basis. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the College's disciplinary policy. The Governing Body will be notified of any such breach through the Audit Committee. It is the responsibility of Heads of Department to ensure that their staff are made aware of the existence and content of the College's Financial Regulations. Equally, individuals have a responsibility to ensure that their actions are fully compliant with those Regulations.
- 2.5 The Finance & Estates Committee is responsible for maintaining a regular review of the Financial Regulations, through the Director of Finance, and for advising the Governing Body of any additions or changes necessary.
- 2.6 In exceptional circumstances, this Committee may authorise a departure from the detailed provisions. Herein, any such departure will be reported to the Governing Body at the earliest opportunity, with a full explanation provided as to why the departure is necessary.
- 2.7 The College Finance Department provides detailed Financial Procedures setting out precisely how these Regulations will be implemented.

B CORPORATE GOVERNANCE

3 Governing Body

3.1 The Governing Body is responsible for the management and administration of the College. Its financial responsibilities are to:

- ensure the solvency of the College and the safeguarding of the College's assets
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and other senior post-holders and the Director of Governance (including, where the Director of Governance is, or is to be appointed as, a member of staff, his or her appointment, grading, suspension, dismissal and determination of pay in his or her capacity as member of staff)
- set a framework for pay and conditions of service of all other staff
- ensure that the financial, planning, and other management controls, including controls against fraud and theft, applied by the College are appropriate and sufficient to safeguard public funds
- approve the appointment of financial statements auditors and an internal audit service
- secure the efficient, economic and effective management of all the College's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the College is not put at risk
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution
- plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure
- approve an annual budget before the start of each financial year
- determine tuition fees
- ensure that the College complies with the Funding Body's Post-16 Audit Code of Practice
- approve the College's Business Plan in accordance with guidelines set by the Funding Body
- approve the annual financial statements.

4 Accounting Officer

- 4.1 The Principal is the College's Accounting Officer and is responsible for ensuring the financial administration of the College's affairs in accordance with the Financial Memorandum with the Funding Body. As the Accounting Officer, the Principal may be required to justify any of the College's financial matters to the Public Accounts Committee at the House of Commons.

In particular, the Articles of Government 3.(2).(e) charge the Principal with responsibility:

“...for preparing annual estimates of income and expenditure, for consideration and approval by the Governing Body, and for the management of budget and resources, within the estimates approved by the Governing Body.”

The Principal shall demonstrate his or her oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual financial statements, and the College's financial forecasts submitted to the Funding Body.

5 Committee Structure

- 5.1 The Governing Body has ultimate responsibility for the College's finances but delegates specific powers and processes to the committees detailed below. These committees are accountable to the Governing Body.

5.2 Standards Committee

Monitoring the College's academic performance and setting a direction for curriculum offer is undertaken by the Standards Committee. The Committee has a key role in recommending investment in staff and resources to ensure the College meets its Strategic Objectives.

5.3 Finance & Estates Committee

Monitoring of the College's financial position and financial control systems is undertaken by the Finance & Estates Committee. The Committee will examine annual estimates and accounts (including the accounting policies upon which they

are based) and recommend their approval to the Governing Body. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to the financial duties of the Governing Body and make recommendations accordingly. The Committee will also ensure that the Governing Body has adequate information to enable it to discharge its financial responsibilities. The Committee has a particular focus on the College's progress against its recovery plan and maintenance of banking covenants.

5.4 Audit Committee

Colleges are required by their Financial Memorandum with the Funding Body and by the Funding Body's Post-16 Audit Code of Practice to appoint an Audit Committee. The Committee is independent, advisory and reports to the Governing Body. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and financial statements auditors. The Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The audit requirements of the College are set out in the Funding Body's Post-16 Audit Code of Practice.

All allegations of fraud, bribery and corruption must be reported to the Audit Committee. Where individuals are concerned that College Management may not be able to impartially consider a fraud allegation, individuals can bring matters directly to the Chair of the Audit Committee

5.5 Workforce Development Committee

The Human Resources Committee has overall responsibility for the direction and oversight of all personnel matters relating to the function of the Board of Management as employer of the College's staff.

The Committee shall oversee the development and auditing of all human resource strategies and work streams as detailed in the terms of reference.

5.6 Remuneration Committee

Consideration of senior management's pay and conditions is the responsibility of the

Remuneration Committee. It has the power to make recommendations to the Governing Body on their remuneration, including pay and other benefits, as well as contractual arrangements.

All committees established by the Governing Body will review and maintain Terms of Reference for approval on a regular basis.

6 Other Managers / Staff with Financial Responsibility

6.1 The Director of Finance

Day-to-day financial administration is controlled by the Director of Finance, who is responsible to the Principal, with overall responsibility for:

- preparing annual capital and revenue budgets and financial plans
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- preparing the College's annual accounts and other financial statements and accounts, which the College is required to submit to other authorities
- ensuring that the College maintains satisfactory financial systems
- providing professional advice on all matters relating to financial policies and procedures
- day-to-day liaison with internal and financial statements auditors in order to achieve efficient processes.

6.2 Heads of Department / Assistant Principals

Heads of Department are responsible through to the Principal for financial management for the areas or activities they control. They are advised by the Director of Finance in executing their financial duties. The Director of Finance will also supervise and approve the financial systems operating within their department, including the form in which financial records are kept. Heads of Department are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved to budget holders, they are accountable to their head of department for their own budget.

Heads of Department shall provide the Director of Finance with such information as may be required to enable:

- decisions to be made regarding the appointment of permanent and temporary staff
- compilation of the College's financial statements

- implementation of curriculum and financial planning
- implementation of audit and financial reviews, projects and value for money studies.

6.3 All budget holders

All budget holders will sign the scheme of delegation, which identifies their personal limits and any areas of expenditure that are excluded.

Individuals will also be asked periodically to confirm any potential conflict of interests and refresh their knowledge of the College's Anti-Corruption, Fraud and Bribery Policy.

Should any new conflicts of interests arise, budget holders must notify the procurement officer if there is any doubt it is preferable to raise any potential conflict as soon as practical.

6.4 All members of staff

All members of staff should be aware of, and have a general responsibility for, the security of the College's property, for avoiding loss and for due economy in the use of resources.

They shall make available any relevant records or information to the Director of Finance or his or her authorised representative in connection with the implementation of the College's financial policies, these Financial Regulations, and the system of financial control.

They shall provide the Director of Finance with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Governing Body.

They shall immediately notify the Director of Finance or the Audit Committee whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the College. The Director of Finance shall take such steps as he or she considers necessary by way of investigation and report.

6.5 Levels of Financial Authority are set out in Appendix

Staff should ensure that they are aware of the College's financial authority limits and the values of purchases for which quotations and tenders are required (Appendix

B). Additionally, as part of the scheme of delegation budget holders sign and agree annually to their expenditure limits.

The Director of Finance may set additional limits where expenditure is subject to a second authorisation.

7 Risk Management

7.1 The College acknowledges the risks inherent in its business and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable/unacceptable by the College is included within the College's risk management strategy.

7.2 The Governing Body has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the College through the development, implementation and embedment within the organisation of a formal, structured risk management process.

7.3 In line with this policy, the Governing Body requires that the risk management strategy and supporting procedures to include:

- the adoption of common terminology in relation to the definition of risk and risk management
- the establishment of College-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis
- a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes
- a decision on the level of risk to be covered by insurance (section 22.1)
- detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas
- development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question
- regular reporting to the Governing Body of all risks included in the College high-

level risk register

- an annual review of the implementation of risk management arrangements

The strategy and procedures must be capable of independent verification.

- 7.4 Heads of Department must ensure that any agreements negotiated within their department with external bodies cover any legal liabilities to which the College may be exposed. The Director of Finance's advice should be sought to ensure that this is the case.

8 Whistleblowing

- 8.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc.), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential, and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 8.2 Normally, any concern about a workplace matter at the College should be raised with the relevant member of staff's immediate line manager or head of department. However, the College recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.
- 8.3 A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose, such as the Director of Finance. If the member of staff does not wish to raise the matter with this person, or with the Principal or the Chair of the Governing Body, it may be raised with the Chair of the Audit Committee, via the Director of Governance.
- 8.4 The full procedure for whistleblowing is set out in the College's whistleblowing policy. This states that any instances of whistleblowing must be brought to the attention of the Audit Committee.
- 8.5 The College will ensure that the Audit Committee and Full Board are made aware of all allegations of fraud, the College will also inform the Funding Body.

8.6 The Bribery Act 2010

Under the Bribery Act 2010, a bribe is a 'financial or other advantage' offered, promised or given to induce a person to perform a relevant function or activity improperly, or to reward them for doing so. The Act makes it a criminal offence to:

- offer, promise or give a bribe
- request, agree to receive or accept a bribe
- bribe a foreign public official to obtain or retain business or a business advantage
- (by an organisation) fail to prevent bribery by those acting on its behalf ('associated persons') to obtain or retain business or a business advantage for the organisation.

8.7 Small payments made to government officials or others to make something happen, or happen sooner, (commonly called facilitation payments) are likely to be bribes and unlawful under the Act.

8.8 Under the Bribery Act, individuals can be prosecuted for accepting bribes or offering bribes. In addition, the College can be prosecuted for failing to prevent bribery committed to obtain or retain business or a business advantage for the College by an employee or other individual or organisation performing services for the College. All staff should follow this guidance to ensure compliance with the Act.

8.8 All staff, including those from agencies or employed on a temporary basis, are subject to the College Anti-Fraud, Bribery and Corruption Policy.

8.9 Any instances of actual or suspected bribery must be brought to the attention of the Audit Committee.

9 Code of Conduct

9.1 The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe. In addition, the College expects that staff at all levels will observe its code of conduct, which covers:

- the Bribery Act 2010
- mutual respect, trust and confidence

- personal relationships.

9.2 Additionally, members of the Governing Body, senior management or those involved in procurement are required to disclose interests in the College's Register of Interests maintained by the Director of Governance for Governing Body / SMT (and by the purchasing officer for all other staff making purchases). Individuals are responsible for ensuring that entries in the Register relating to them are kept up to date regularly and promptly. Members of the Governing Body are also required to comply with the English Colleges' Code of Good Governance.

9.3 In particular, no person shall be a signatory to a College contract where he or she also has an interest in the activities of the other party.

9.4 **Receiving gifts or hospitality**

It is an offence under the Bribery Act 2010 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be:

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest
- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal, or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the College would be likely to provide in return.

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant head of department or the Director of Finance. For the protection of those involved,

the Director of Finance (or other designated officer) will maintain a Register of Gifts and Hospitality received where the value of any single offer, whether accepted or not, is in excess of £25. Members of staff in receipt of such gifts or hospitality are obliged to notify the Director of Finance (or other designated officer) promptly. Hospitality in excess of £100 will be reported annually to the Audit Committee.

C FINANCIAL MANAGEMENT AND CONTROL

10 Financial Planning

10.1 The Director of Finance is responsible for preparing annually a rolling two-year financial plan, for approval by the Governing Body, on the recommendation of the Finance & Estates Committee, and for preparing financial forecasts for submission to the Funding Body. Financial plans should be consistent with the strategic plans and estates strategy approved by the Governing Body.

10.2 Budget objectives

The Governing Body will, from time to time, set budget objectives for the College. These will help the Director of Finance in preparing his or her more detailed financial plans for the College.

10.3 Resource allocation

Resources are allocated annually by the Governing Body on the recommendation of the College Executive and on the basis of the above objectives. Heads of Department are responsible for the economic, effective and efficient use of resources allocated to them.

10.4 Budget preparation

The Director of Finance is responsible for preparing, each year, an annual revenue and capital budget for consideration by the Finance & Estates Committee before submission to the Governing Body. The budget should also include a monthly cash flow forecast for the year and a projected year-end balance sheet. The Director of Finance must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Heads of Department as soon as possible following their approval by the Governing Body.

During the year, the Director of Finance is responsible for submitting revised forecasts to the Finance & Estates Committee for consideration before submission to the Governing Body for approval. A revised forecast or end of year forecast should be submitted at least once during the year, or more frequently if the Governing Body make a request.

10.5 Capital programmes

The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs (whether or not they are funded from capital grants), which are to be capitalised for inclusion in the College's financial statements. Threshold limits for the capitalisation of expenditure is set out in the College's Accounting Policies. Expenditure of this type can only be considered as part of the capital programme approved by the Governing Body.

The Director of Finance will establish protocols for the inclusion of capital projects in the capital programme for approval by the Governing Body. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet.

The Director of Finance will also establish procedures for the approval of variations.

The Director of Finance is responsible for providing regular statements concerning all capital expenditure to Finance & Estates Committee (and/or, where appropriate) for monitoring purposes.

Capital expenditure has two elements

- Replacement of / minor investment in core infrastructure – e.g. building services, IT and curriculum equipment.
- Major projects over £150k: following completion of a capital project, a post-project evaluation or final report should be submitted to the Finance & Estates Committee, including actual expenditure against budget and reconciling funding arrangements where a variance has occurred, as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant Funding Body, as laid down in Funding Body guidelines.

10.6 Overseas activity

In planning and undertaking overseas activity, the College must have due regard to the relevant guidelines issued by the Funding Body.

Curriculum-based trips and Erasmus exchanges are subject to the College's Trip Policies and Procedures: the Principal is responsible for the delegation of approval of these trips and for control of expenditure. All trips should be planned to be cost efficient and only legitimate expenses claimed. The College's expenses policy provides further guidance.

Other foreign visits will require approval of the Principal up to £1,000, or the Chair / Vice Chair of Governors for values in excess of this. Trips approved by the Chair / Vice Chair will be brought to the attention of the Full Board.

The College Expenses Policy requires travel to be standard class. The exemption to this is, during peak travel times, first class tickets that are below the cost of a standard ticket can be purchased where this will allow the employee to undertake work during their travel.

10.7 Other major developments

Any new aspect of business that will require an investment in buildings, resources or staff time of more than £150,000 in total should be presented to the Finance & Estates Committee, in order that it may recommend its approval to the Governing Body. Project costs should not be disaggregated into their component parts in order to circumvent the scheme of authorisation. Reference shall also be made to the Financial Regulations, which set out the requirement for any purchase, lease or rent of land and/or buildings (with the exception of arrangements to hire rooms in community venues on an annual basis, if annual payments are £50,000 or less), to be subject to Corporation Board approval.

Local partnership arrangements that do not involve the College assuming the liabilities of the partner(s) through, for example, employment contracts, contracts for the receipt or provision of goods and/or services, or assuming the role of 'lead body' in a consortium seeking grant funding, can be approved by the College Executive.

The Director of Finance will establish protocols for these major developments to enable them to be considered for approval by the Governing Body. These will set out the information that is required for each proposed development as well as the

financial criteria that they are required to meet.

11 Financial Control

11.1 Budgetary control

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively. Budget holders are responsible to their head of department for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the Director of Finance by the head of department concerned and, if necessary, corrective action taken.

11.2 Financial information

The budget holders are assisted in their duties by management information provided by the Director of Finance.

The Director of Finance is responsible for supplying budgetary reports on all aspects of the College's finances to the Finance & Estates Committee on a basis determined by the Committee but subject to any specific requirements of the Funding Body. The relevant extracts from the overall position are reported to each Committee so that they are aware of their own financial performance against budget. These reports are presented to the Governing Body, which has overall responsibility for the College's finances.

11.3 Changes to the approved budget

Changes proposed to the approved College budget will be first considered by the Finance & Estates Committee, which will make proposals to the Governing Body.

All changes to the approved budget must be reported to the Governing Body.

The College will conduct a formal review of the budget at the mid-year point which will be presented to the Board for consideration and approval, having first been reviewed by the Finance & Estates Committee.

11.4 Virement

Where a budget holder is responsible for more than one budget, virement between income and expenditure categories (Subject to Funding Body rules) of up to 25% of the budget from which virement is sought is permitted with the written approval of the head of department. Virements in excess of this level require the authorisation of the Director of Finance.

Virement between budgets held by different budget holders is permitted up to 25% of the budget from which virement is sought, with the written approval of the transferring budget holder, the head of department and the Director of Finance.

11.5 Treatment of year-end balances

At the year-end, budget holders will not normally have the authority to carry forward any balance on their budget to the following year unless the Finance & Estates Committee has approved a specific scheme for carrying forward all or part of unspent amounts. Specific departmental consumables and equipment account balances may be carried forward with the approval of the Director of Finance as part of the budget setting process for the following year.

Any request for budget carry-forward will be approved by the Director of Finance.

12 Accounting Arrangements

12.1 Financial year

The College's financial year will run from 1st August until 31st July the following year.

12.2 Basis of accounting

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards

12.3 Format of the financial statements

The financial statements are prepared in accordance with the *Statement of Recommended Practice Accounting for Further and Higher Education (FE HE SORP 2015)*, subject to any specific requirements of the Funding Body, and in accordance with the provisions of the Companies Act 2006, as amended.

12.4 Capitalisation and depreciation

Under the provisions of FRS102, freehold land and buildings will be recorded in the balance sheet at cost. Freehold buildings will be depreciated in equal instalments over their estimated remaining useful life. Land will not be depreciated.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £2,000 or more. Grouped items (e.g. a suite of computers) with an individual value of less than £2,000 but a group value of £5,000 or more will be capitalised. Capitalised assets other than land and buildings will be depreciated over the following periods, commencing in the year of acquisition:

- Computer equipment and associated software – 3 years
- Motor vehicles – 5 years
- Other equipment – 5 years.

12.5 Accounting records

The Director of Finance is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.

The College is required by law to retain prime documents for six years. These include:

- official purchase orders
- paid invoices
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- payroll records, including part-time lecturers' contracts.

The Director of Finance will make appropriate arrangements for the retention of electronic records, ensuring that these arrangements enable the College to comply with GDPR and Freedom of Information requirements.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies. For European Social Fund (ESF) and European Regional Development Fund (ERDF) purposes, all prime documents listed above, as well as relevant tender documentation, student records (class registers and enrolment forms), grant claims and any other supporting documentation should be retained until 31st December 2023 or other date as required under the respective programme. This requirement exceeds existing UK legislation on the retention of prime documentation; however, retention practices should meet this additional requirement.

Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder.

12.6 Public access

Under the terms of the Charities Act 2011, the Governing Body is required to supply any person with a copy of the College's most recent financial statements within two months of a request. The Act enables the Governing Body to levy a reasonable fee, and this will be charged at the discretion of the Director of Finance. The College will also make the financial statements available on its website within one month of them being approved by the Governing Body.

12.7 Taxation

The Director of Finance is responsible for advising heads of department in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues to the College. Therefore, the Director of Finance will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

The Director of Finance is responsible for maintaining the College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

13 Audit Requirements

13.1 General

Financial statements auditors and internal auditors shall have authority to:

- access College premises at reasonable times

- access all assets, records, documents and correspondence relating to any financial and other transactions of the College
- require and receive such explanations as are necessary concerning any matter under examination
- require any employee of the College to account for cash, stores or any other College property under his or her control
- access records belonging to third parties, such as contractors, when required.

The Director of Finance is responsible for drawing up a timetable for the production of the final accounts, in order to meet Funding Body deadlines, and will advise staff and the financial statements auditors accordingly.

Following consideration by the Finance & Estates Committee, and on their recommendation, the financial statements will be submitted to the Governing Body for approval. In approving the financial statements, the Governing Body should also consider the advice of the Audit Committee on:

- the conclusions drawn by the internal auditor in its assignment and annual reports; and
- any control issues included in the management letters of the financial statements auditor and the funding auditor, if applicable, and management's responses to these.

13.2 Financial statements audit

The appointment of auditors for the main financial statements of the College will take place annually and is the responsibility of the Governing Body. The Governing Body will be advised by the Audit Committee.

The primary role of this audit is to report on the College's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Funding Body's Post-16 Audit Code of Practice and the Financial Reporting Council.

13.3 Internal audit

The internal auditor is appointed by the Governing Body on the recommendation of the Audit Committee.

The duties and responsibilities of the internal audit service must be in accordance with advice set out in the Funding Body's Post-16 Audit code of Practice. The main responsibility of internal audit is to provide the Audit Committee, Governing Body, the Principal, and senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation, but has direct access to the Governing Body, Principal and Chair of the Audit Committee.

13.4 Fraud and corruption

It is the duty of all members of staff, management and the Governing Body to notify the Director of Finance immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud and material misstatement, corruption or any other impropriety.

The Director of Finance shall maintain an Anti-Fraud, Bribery and Corruption Policy, which details the response to be taken.

If the suspected fraud is thought to involve the Director of Finance and/or the Principal, the member of staff shall notify the Chair of the Audit Committee direct of their concerns regarding irregularities.

If staff believe that it is inappropriate to notify the Director of Finance, they may notify the Principal; if this is not appropriate, they may notify the Chair of the Audit Committee.

13.5 Value for money

It is a requirement of the Financial Memorandum that the Governing Body of the College is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the Funding Body, the National Audit Office, the Public Accounts Committee, or other relevant bodies.

Internal audit is to have regard to value for money in its programme of work. This will be used to enable the Audit Committee to refer to value for money in its annual report.

Methods of purchasing should take account of securing VFM. To achieve this, the

College allows the use of online purchasing, recommends use of frameworks and Contracts negotiated for the Sector by Crescent Purchasing Consortium and use of tender exercises.

Annually, the College will report its top 100 suppliers to the Audit Committee and identify target areas for increased VFM.

13.6 Other auditors

The College may, from time to time, be subject to audit or investigation by external bodies such as the Funding Body, National Audit Office, European Court of Auditors, and HM Revenue & Customs. They have the same rights of access as external and internal auditors.

14 Treasury Management

14.1 Treasury management policy

The Finance & Estates Committee is responsible for approving a Treasury Management Policy, setting out a strategy and policies for cash management, long-term investments and borrowings.

The Finance & Estates Committee has a responsibility to ensure implementation, monitoring and review of such policies.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Director of Finance who will report termly to the Finance & Estates Committee. All borrowing shall be undertaken in the name of the College and shall conform to any relevant Funding Body requirements.

The Director of Finance will report to the Finance & Estates Committee termly in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

14.2 Appointment of professional advisers

The Governing Body is responsible for the appointment of the College's professional advisers: bankers, solicitors, accountants, and others, such as property advisors, on the recommendation of the Finance & Estates Committee. The appointments shall

be for a specified period, after which consideration shall be given by the Committee in respect of competitively tendering for the services.

14.3 Banking arrangements

The Director of Finance is responsible, on behalf of the Finance & Estates Committee, for liaising with the College's bankers in relation to the College's bank accounts, mandate and the issue of cheques. All cheques shall be ordered on the authority of the Director of Finance, who shall make proper arrangements for their safe custody.

Bank Accounts for dealing with the Colleges funds shall only be opened or closed in accordance with the Bank Mandate. All bank accounts shall be in the name of the College or one of its subsidiary companies.

All cheques drawn on behalf of the College must be signed in the form approved by the Finance & Estates Committee and in accordance with the bank mandate. Details of authorised persons and limits are included in the Colleges bank mandate.

All automated transfers on behalf of the College, such as BACS, CHAPS or International payments, must be authorised in the appropriate manner and on the basis approved by the Finance & Estates Committee. Details of authorised persons and limits are included in the Colleges bank mandate.

The Director of Finance is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

15 Income

15.1 General

The Director of Finance is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Director of Finance.

and lettings are determined by procedures recommended by the Finance & Estates Committee, and are approved by the Governing Body.

The Director of Finance is responsible for the prompt collection, security and banking of all income received.

The Director of Finance is responsible for ensuring that all grants or contracts notified by the Funding Body and other bodies are received and appropriately recorded in the College's accounts.

The Director of Finance is responsible for ensuring that all claims for funds, including grants and contracts, are made by the due date.

All budget holders or heads of department are required to inform the Director of Finance of any College activity for which income is expected to become due.

15.2 Maximisation of income

It is the responsibility of all staff to ensure that revenue to the College is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. In particular, this requires the prompt notification to the Director of Finance of sums due so that collection can be initiated.

15.3 Receipt of cash, cheques and other negotiable instruments

All monies received within departments from whatever source must be recorded by the department on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments.

All monies received must be accounted for in accordance with a timetable prescribed by the Director of Finance and set out in the banking procedure. The custody and transit of all monies received must comply with the requirements of the College's insurers.

All sums received must be paid in and accounted for in full and must not be used to meet miscellaneous departmental expenses or be paid into the departmental petty cash float. Personal or other cheques must not be cashed out of money received on behalf of the College.

Receipts by credit or debit card: the College may only receive payments by debit or credit card using procedures approved by the Director of Finance.

Internet receipts: any member of staff wishing to arrange for payment to be made to the College by the internet should seek guidance from the Director of Finance at an early stage.

15.4 **Collection of debts**

The Director of Finance should ensure that:

- debtors invoices are raised promptly on official invoices, in respect of all income due to the College
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account
- any credits granted are valid, properly authorised and completely recorded
- VAT is correctly charged where appropriate, and accounted for
- monies received are posted to the correct debtors account
- swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the debt collection procedure
- outstanding debts are monitored and reports prepared for management.

Only the Director of Finance can implement credit arrangements and indicate the periods in which different types of invoice must be paid. All instances of changes to the College's agreed credit terms should be reported to the Finance & Estates Committee termly. The College's Fees Policy sets out guidance on weekly fees and payment periods.

Requests to write off debts in excess of £10,000 must be referred in writing to the Director of Finance for submission to the Finance & Estates Committee for consideration. Debts below this level may be written off with the permission of the Director of Finance; debts over £1,000 must be reported regularly to management and the Finance & Estates Committee.

15.5 **Student fees**

The procedures for collecting tuition fees must be approved by the Governing Body on the advice of the Director of Finance. He or she is responsible for ensuring that all student fees due to the College are received.

Any student who has not paid an account for fees or any other item owing to the College will be subject to the conditions set out in the College's agreed tuition fee policy. Such students shall be prevented from re-enrolling at the College and from using any of the College's facilities unless appropriate arrangements have been made.

15.6 Student loans

Appropriate records will be maintained to support all transactions involving student loans.

15.7 Emergency/hardship awards

The College's scheme for emergency/hardship awards must follow the approved procedure. This will include the maximum assistance that can be given in any individual case. Under no circumstances should payments be made other than in accordance with the approved scheme.

The Director of Finance is responsible for ensuring the adequacy of the systems in place for:

- approving awards in accordance with the scheme
- paying awards that have been approved

16 Other Income-Generating Activity

16.1 Private consultancies and other paid work

Unless otherwise stated in a member of staff's contract:

- outside consultancies or other paid work may not be accepted without the consent of the Principal.
- applications for permission to undertake work as a purely private activity must be submitted to the head of department or Principal, as appropriate, and include the following information:
 - the name of the member(s) of staff concerned
 - the title of the project and a brief description of the work involved
 - the proposed start date and duration of the work
 - the delivery methodology and number of hours the work is expected to take

- full details of any College resources required (for the calculation of the full economic cost)
- an undertaking that the work will not interfere with the teaching and normal College duties of the member(s) of staff concerned.

16.2 Full-cost courses and services rendered

Any staff wishing to run a full-cost course must have the permission of their head of department. The course organiser will be responsible to the head of department for day-to-day management of the course. The course organiser must agree a scale of fees and charges with the head of department and liaise with the finance department regarding the collection of income.

The term 'services rendered' includes testing and analysis of materials, components, processes and other laboratory services or the use of existing facilities in order to gain additional information.

All full-cost courses should meet the College's requirement for contribution levels. For those courses that do not meet the requirement, but the head of department still considers there is educational merit in running the course, the Director of Finance must give his/her approval.

16.3 Off-site collaborative provision (franchising)

Any contract or arrangement whereby the College provides publically-funded education or training to students away from College premises, or with the assistance of persons other than the College's own staff or with independent contractors (partner organisations), must be compliant with the Funding Body's control framework and protocols for operation.

All new partners must be subject to the College's 'Partner Selection Process' procedures prior to any contract being put in place. All Partner contracts shall be recommended by the Finance & Estates Committee for Governing Body approval.

Contracts approved by the Governing Body will be signed by the Director of Finance on behalf of the College.

16.4 European Union (EU) and other matched funding

Any such project requires the approval of the Director of Finance or Principal prior to any commitment being entered into. Such approval shall be dependent upon the relevant head of department being able to demonstrate that eligible matching funds

are available and that the project is financially viable by the application of the College's costing and pricing policy.

Individual applications for funds up to £500,000 can be approved by the Director of Finance; individual applications in excess of £500,000 can be approved by the Principal or Vice Principal: Communication, Engagement and Student Experience, but should be the subject of a report by the Principal to the Governing Body, which will set out, amongst other things, the potential risks generated by the project.

Any offer of funding, usually an 'offer letter', which places legally enforceable or contractual commitments upon the College, shall be approved in accordance with the financial authorities afforded to the Director of Finance, Vice Principal and the Principal, whilst also conforming, where appropriate, with the regulations and protocols surrounding major developments.

Periodic claims for the reimbursement for project expenditure shall be approved by the Director of Finance, in accordance with the Scheme of delegation of financial authority. Each periodic claim is subject to external audit verification at the request of the Funding Body (subject to this being included within the terms of the 'offer letter').

If the College subcontracts such work to external providers, the relevant head of department shall ensure that:

- this is on the basis of a written contract which allows for full audit access to detailed records
- appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality
- payments are only made against detailed invoices and supported delivery activity.

16.5 Profitability and recovery of overheads

All other income-generating activities must be self-financing or surplus-generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the head of department and the Director of Finance.

Other income-generating activities with costs estimated at £10,000 or more, organised by members of staff must be costed and agreed with the Director of Finance before any commitments are made. Provision must be made for charging

both direct and indirect costs in accordance with the College's costing and pricing policy, in particular for the recovery of overheads.

16.6 Deficits

Any unplanned deficits incurred on other income-generating activities will be charged to departmental funds.

16.7 Additional payments to staff

Additional payments to staff should not normally be made across the College. Any exceptional proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the Director of Human Resources, head of department, Director of Finance and, in the case of a head of department, the Principal.

17 Intellectual Property Rights and Patents

17.1 General

Certain activities undertaken within the College, including research and consultancy, may give rise to ideas, designs and inventions, which may be patentable. These are collectively known as intellectual property.

17.2 Patents

The Finance & Estates Committee is responsible for approving procedures to deal with any patents accruing to the College from inventions and discoveries made by staff in the course of their research.

17.3 Intellectual property rights

In the event of the College deciding to become involved in the commercial exploitation of inventions and research, including the copyright of materials, the matter should then proceed in accordance with the intellectual property procedures issued by the College, which includes obtaining appropriate professional advice.

18 Expenditure

18.1 General

The Director of Finance is responsible for making payments to suppliers of goods and services to the College.

18.2 Scheme of delegation/financial authorities

The head of department / assistant principal is responsible for purchases within his or her department. Purchasing authority may be delegated to named individuals within the department. In exercising this delegated authority, budget holders are required to observe the College's purchasing policy.

The Director of Finance shall maintain a register of authorised signatories, and heads of department must supply him or her with specimen signatures of those authorised to certify invoices for payment (for paper-based systems).

Under procedures agreed by the Director of Finance, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits (for electronic systems).

The Director of Finance must be notified immediately of any changes to the authorities to commit expenditure.

Heads of department and budget holders are not authorised to commit the College to expenditure without first reserving sufficient funds to meet the purchase cost.

The member of staff (or budget holder) authorising the invoice for payment must be different from the member of staff responsible for authorising the purchase order.

Expenditure on a single item in excess of £25,000 shall require the approval of the Director of Finance and, beyond £60,000, the Principal. Expenditure on single items in excess of £150,000 shall require the approval of the Finance & Estates Committee.

18.3 Procurement

The Financial Regulations cover the procurement of all goods and services ordered by Departments within the College and must be applied in every instance.

All enquiries concerning the Procurement section of the Financial Regulations should be referred to the Procurement Officer or the Director of Finance.

The College requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice.

The Procurement Officer is responsible to the Director of Finance for:

- ensuring that the College's Procurement section of the Financial Regulations is available to all involved in purchasing for the College
- advising on matters of the College's purchasing policy and practice
- Advising and assisting departments where required on specific departmental purchases
- developing appropriate standing supply arrangements on behalf of the College to assist budget holders in meeting their value for money obligations
- The drafting and negotiation of all large-scale procurement contracts (generally in excess of £50,000) undertaken by the College, in collaboration with the responsible department with the exception of large scale capital projects.
- ensuring together with the senior executive team that the College complies with EU regulations on public purchasing policy, which is also the responsibility of budget holders to advise the procurement team when making purchases that could potentially be in excess of the thresholds.
- Maintaining appropriate Procurement Procedures for staff access and making them available of the staff intranet.

18.4 **Purchase orders**

Ordering

Orders for purchases of ALL goods and services are to be made using the College's purchase ordering system, except in those cases that have been identified as suitable to be made by purchasing card or by cheque request. The order must be raised, authorised and dispatched to the supplier when an agreement to supply has been reached and prior to engaging the supplier. Under no circumstances, should an order be raised at the point of receiving an invoice and/or after the goods have been received.

Exceptions to this are:

- Payments against long-term contracts, e.g. energy, water, rates, multi year license agreements, where the College has accepted the supplier's terms.
- Supply agency costs where the College has agreed the agency terms, as

part of expediting speedy deployment of staff

- Emergency repairs, where the Estates department have approval to allocate emergency repairs to approved contractors to ensure the College can maintain a safe learning environment.

Orders must be placed with a College-approved supplier, where one exists. Individuals should not buy items required by their department using personal funds, and then seek reimbursement. Any such reimbursement in exceptional circumstances must be approved in advance by the Director of Finance. This excludes low value items approved via the Expenses Policy.

Authorisation

All College purchase orders must be authorised electronically using the purchasing system by an approved signatory within the scheme of delegation. The process of authorisation automatically generates an order number. It is only at this point that the supplier can be engaged.

Receipt of goods or services

All goods and services must be electronically receipted using the purchasing system on the day the goods are received or the service is carried out.

All goods shall be received at the designated receipt and distribution points. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

Goods shall be checked for quantity and/or weight and inspected for quality and specification. If the goods are deemed to be unsatisfactory, the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.

Emergency Ordering

When it is necessary to engage a supplier in the case of extreme urgency, the

budget holder should seek approval from the Director of Finance wherever possible, and use the Procurement Procedures.

Public sector purchasing agreements

The College is a public sector body and, as such, is able to take advantage of purchasing agreements that have been awarded via competitive methods. These agreements include those of Crescent Purchasing Consortium and the Crown Commercial Services Purchasing Arrangements. Access to these agreements is through the Procurement Department.

Requesting new suppliers

Requests for new suppliers should only be made after ensuring that there is not an existing supplier available through the college purchasing system. If no such supplier exists, requests are to be made using the detailed Procurement Procedures on the staff intranet.

Engaging a supplier which is not a limited company

The College discourages use of suppliers who are not registered with Companies House as a limited company. If such a supplier needs to be engaged, the detailed Procurement Procedures must be used.

18.5 IR35 – Self employed and single entity limited companies

The College must comply with IR35 regulations, which require the College to deduct tax from individuals or companies where the work is equivalent to employment and not a separate business activity. Where relevant, new suppliers will need to confirm that they are not within the scope of IR35.

18.6 Purchasing cards

The operation and control of the College's purchasing cards is the responsibility of the Director of Finance, who will be supported by the Procurement Officer.

Operation of purchasing cards will be subject to the specific detailed procedures.

18.7 Tenders and quotations

Heads of department and delegated budget holders must comply with the Public Contract Regulations:

- under £2,500 – the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained
- from £2,500 to £10,000 – the budget holder shall be required to obtain at least two written quotations
- from £10,000 to £50,000 – the budget holder shall be required to obtain at least three written quotations
- from £50,000 to £EU Procurement Thresholds – the Procurement Manager will arrange with the budget holder for three competitive tenders
- the award of contracts over £EU Procurement Thresholds shall be subject to the OJEU Tendering Procedure by the Procurement Department and reported to the Finance & Estates Committee.

18.7 Single Tenders

Single tenders should not normally be issued by the College and, in all circumstances, staff should follow the process as outlined above. However, under exceptional circumstances, a single tender may be necessary.

Where there is no reasonable alternative (for example, for certain specialist or fixed price services) or in cases of extreme urgency (for example, to remove a risk to public safety), contracts may be let by single tender action.

For contracts of up to £50,000, authorisation must be given from the Director of Finance, Director of IT, Estates & Learning Resources, or The Principal. Approval will only be given after the review of a clear business case setting out the need for a single tender action. Above this level, any proposals for single tender action will require the endorsement of the Corporation Board.

When a single tender action is agreed, the supplier must not be made aware that the purchasing decision is being made through this process and should be asked to submit a best value bid in all cases.

18.8 Contracts

Building contracts are the responsibility of the Director: IT, Estates & Learning Resources to review and evaluate, supported by the Director of Finance. The Finance & Estates Committee must approve the decision.

Proposals will normally be initiated by the Director: IT, Estates & Learning Resources in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments.

Consultants may be appointed if the project, as determined by the Director: IT, Estates & Learning Resources, is too large or too specialised for estates department resources. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Director of Finance as appropriate for consideration. Investment appraisals should comply with appropriate Funding Body guidance.

Following consideration by the Director: IT, Estates & Learning Resources and the Finance & Estates Committee, and approval by the Governing Body, submissions should be forwarded to the Funding Body where appropriate. If the required agreement is secured from the Funding Body, Funding Body procedural rules should be followed. Funding Body guidance on best practice should be followed even when Funding Body approval is not required.

The achievement of value for money will be an objective in the letting of all contracts.

Conditions of contract for the purchase of goods will be followed as described in the College's detailed in the procurement guides.

18.9 Advance contract payments

Where, due to the conditions attached to a particular funding source, or for other good commercial reasons, the College is required to make payment to a supplier of £10,000 or more (including VAT at the prevailing rate) in advance of receiving goods or services, the Director of Finance should obtain such information or references as are necessary, prior to authorising the payment. Where such payments exceed £60,000, authorisation should come from the Principal and beyond £150,000 from the Finance & Estates Committee, again on the basis of the information or references obtained by the Director of Finance.

Where the Director of Finance is not satisfied with the information or references obtained then other appropriate safeguards should be put in place to ensure the College's interest or title in the goods or services to be supplied.

Where the College is required to commit to a service contract that exceeds £150,000 (including VAT at the prevailing rate) over the term of the contract, the Director of Finance should obtain such information or references as are necessary, in order to recommend the contract to the Finance & Estates Committee for authorisation.

18.10 Leases or hire purchase

Departments must not enter into leases or HP agreements that place a financial obligation on the College. All leases and the associated documentation, which should include quotations in line with the tender requirements of this Financial Regulation and must, in the first instance, be forwarded to the Procurement Department for scrutiny.

Leases can only be signed by the Director of Finance.

If in doubt when an agreement constitutes a lease or an HP agreement, staff should seek clarification from the Procurement Officer.

18.11 Payment of invoices

The procedures for making all payments shall be in a form specified by the Director of Finance.

The Director of Finance is responsible for deciding the most appropriate method of payment for all categories of invoice. Payments to UK suppliers will normally be made by BACS transfer. In exceptional circumstances, the Director of Finance will prepare cheques manually for urgent payments, or arrange for same-day CHAPS payments.

Heads of department are responsible for ensuring that expenditure within their departments does not exceed funds available.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the College Finance Department only.

Care must be taken by the budget holder to ensure that discounts receivable are obtained.

Payments will only be made by the Director of Finance against invoices that have been certified for payment by the appropriate head of department or budget holder.

Payments will only be made by the Director of Finance against invoices that can be matched to a receipted order.

Certification of an invoice or receipting of an electronic order will ensure that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- where appropriate, it is matched to the order
- invoice details (quantity, price discount) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- where appropriate, an entry has been made on a stores record or departmental inventory
- an appropriate cost centre is quoted; this must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

18.12 Staff reimbursement

The College's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement.

Where such purchases by staff are planned, the Director of Finance and the relevant head of department may jointly approve cash advances to staff who are going to incur expenditure on the College's behalf. Upon completion of the travel or project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

18.13 College credit cards

Where appropriate, the Principal or the Director of Finance may approve the issuing

of College credit cards. Such credit cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. The Director of Finance will be responsible for setting in place a system to monitor the use of College credit cards and account for expenses charged through them.

18.14 Petty cash

Where a single item is for less than £30, it should be paid from petty cash if possible. It must be supported by receipts or vouchers where available.

The Director of Finance shall make available to departments such imprests as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum. Requisitions for reimbursements must be sent to the Director of Finance or his / her representative, together with appropriate receipts or vouchers, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.

The member of staff granted a float is personally responsible for its safekeeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the College's insurers when not in use and will be subject to periodic checks by the head of department or another person nominated by him or her.

Standard College petty cash books are supplied by the Director of Finance and must be used for recording all imprest accounts.

At the end of the financial year, a certificate of the balances held should be completed by the member of staff responsible for the float and countersigned by the head of department.

18.15 Other payments

Individual payments under 'outward collaborative provision' contracts shall be authorised by the Director of Finance. This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved under a scheme set out by the Governing Body, after being recommended by the Finance & Estates Committee.

18.16 Late payment rules

The Late Payment of Commercial Debts (Interest) Act 1998 was introduced to give

small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:

- small businesses can charge interest on overdue invoices
- interest is chargeable on sales made after 1st November 1998
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of England
- the Act also applies to overseas organisations
- the College can be sued for non-payment

In view of the penalties in this Act, the Governing Body requires that invoices must be passed for payment as soon as they are received.

18.17 Project advances

The Director of Finance and the relevant head of department may jointly approve cash advances for projects carried out away from the College where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or a College credit card.

Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to a project or individual is outstanding.

18.18 Giving hospitality

Staff entertaining guests from outside bodies at lunch time should normally use the College's catering facilities. Where this is not the case, for example where the Chair of the Governing Body agrees alternative arrangements for senior managers, reasons must be stated when submitting a claim for reimbursement.

The limits concerning acceptable expenditure for entertaining guests are set out in the College's detailed in the expenses policy.

19 Pay Expenditure

19.1 Remuneration policy

All College staff will be appointed to the salary scales approved by the Governing Body and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources Department.

The Governing Body will determine what other benefits, such as cars, medical and life insurance, are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available.

Salaries and other benefits for senior management will be determined by the Remuneration Committee set up by the Governing Body.

19.2 Appointment of staff

All contracts of service shall be concluded in accordance with the College's approved personnel practices and procedures and all offers of employment with the College shall be made in writing by the Director of Human Resources or nominated deputy. Budget holders shall ensure that the Director of Finance and the Director of Human Resources are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

19.3 Salaries and wages

The Director of Finance is responsible for all payments of salaries and wages to all staff, including payments for overtime or services rendered. All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Director of Finance.

The Director of Human Resources will be responsible for keeping the Director of Finance informed of all matters relating to personnel for payroll purposes. In particular these include:

- appointments, resignations, dismissals, suspensions, secondments and transfers
- absences from duty for sickness or other reasons, apart from approved leave
- changes in remuneration other than normal increments and pay awards
- information necessary to maintain records of service for superannuation, income tax and national insurance.

The Director of Finance is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

The Director of Finance shall be responsible for keeping all records relating to payroll including those of a statutory nature.

All payments must comply with Inland Revenue regulations.

19.4 Superannuation and Pension schemes

The Governing Body is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

The Director of Finance is responsible for day-to-day superannuation matters, including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes

The Director of Human Resources is responsible for administering eligibility to pension arrangements and for informing the Director of Finance when deductions should begin or cease for staff.

19.5 Travel, subsistence and other allowances

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Director of Finance.

The Expenses Policy contains details of eligible claims

Arrangements for travel by members of the Governing Body shall be approved by the Director of Governance. Arrangements for travel by the Principal shall be approved by the Chair, or in his/her absence, the Vice Chair of the Governing Body.

19.6 Overseas travel

All arrangements for overseas travel must be approved by the Principal in advance of committing the College to those arrangements or confirmation of any travel bookings. Overseas travel not relating to curriculum trips or Erasmus projects must be brought to the attention of the Governing Body.

Arrangements for overseas travel by members of the Governing Body shall be approved by the Director of Governance and brought to the attention of the Governing Body.

Arrangements for travel by the Principal shall be approved by the Chair or, in his/her absence, the Vice Chair of the Governing Body and brought to the attention of the Governing Body.

Where spouses, partners or other persons unconnected with the College intend to participate in a trip, this must be clearly identified in the approval request. The College must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings.

19.7 Allowances for members of the Governing Body

Members of the Governing Body may only claim expenses for travelling and subsistence at rates determined by the Governing Body on the advice of the Finance & Estates Committee (or other Committee remitted to give this advice). Expenses are payable associated with attendance at meetings, training events and conferences. Governors are generally not permitted to claim allowances which remunerate them for their services as members of the Governing Body. However, there may be instances where remuneration is considered appropriate and permitted; where this is the case, it must be agreed by the Governing Body and pre-approved by the Charity Commission.

All requests for expenses are to be submitted to the Director of Governance for approval.

19.8 Severance and other non-recurring payments

Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the Governing Body. Professional advice should be obtained where necessary. All such payments shall be authorised by the Principal and calculations checked by the Director of Human Resources and Director of Finance. Any individual amounts that do not fall within the parameters above require approval by the Finance & Estates Committee. In exceptional circumstances, this approval may be given by the Chair of the Finance & Estates Committee in consultation with the Principal, to be reported to the next meeting of the relevant Committee. Amounts paid shall be declared in the financial statements.

All matters referred to an industrial tribunal shall be notified to the Finance & Estates Committee at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

20 Assets

20.1 Land and buildings

The purchase, lease or rent of land can only be undertaken with authority from the Governing Body and with reference to Funding Body requirements whether or not exchequer-funded assets or exchequer funds are involved.

Arrangements to hire rooms in community venues on an annual basis are not subject to corporation board approval, if annual payments are £50,000 or less.

20.2 Fixed asset register

The Director of Finance is responsible for maintaining the College's register of land, buildings, fixed plant and equipment. Heads of department will provide the Director of Finance with any information he or she may need to maintain the register.

20.3 Inventories

Heads of department are responsible for maintaining inventories, in a form prescribed by the Director of Finance, for all plant, equipment, furniture and stores in their departments with a value in excess of £2,500. The inventory must include items donated or held on trust.

Inventories must be checked at least annually. When transferring equipment, etc between departments, a transfer record must be kept and the inventories amended accordingly.

Any impairment in the value of assets held must be notified to the Director of Finance by the relevant head of department or budget holder at the earliest opportunity.

20.4 Stocks and stores

Heads of department are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting in departments must have the approval of the Director of Finance.

Heads of department are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

Those heads of department whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Director of Finance and that instructions to appropriate staff within their departments are issued.

20.5 Safeguarding assets

Heads of department are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control. They will consult the Director of Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Assets owned by the College shall, so far as is practical, be effectively marked to identify them as College property.

20.6 Personal use

Assets owned or leased by the College shall not normally be subject to personal use.

Any private use of College assets should only occur with the advance written approval of the Director responsible for the asset(s) in question. The written approval should be made available to the Colleges Payroll Officer, in order that any personal taxation liability arising from the assets use, can be determined. The individual is required to meet in full, any liability which may arise.

20.7 Asset disposal

Disposal of equipment and furniture must be in accordance with procedures agreed by the Finance & Estates Committee.

Disposal of land and buildings must only take place with the authorisation of the Governing Body. Funding Body consent may also be required depending on the value of disposal proceeds.

20.8 All other assets

Heads of department are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the College, whether tangible

(such as stock – see above) or intangible (such as intellectual property), including electronic data.

21 Funds Held on Trust

21.1 Gifts, benefactions and donations

The Director of Finance is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the College and initiating claims for recovery of tax where appropriate.

21.2 Student welfare and access funds

The Director of Finance will prescribe the format for recording the use of student welfare funds. Records of access funds will be maintained according to Funding Body requirements.

21.3 Trust funds

The Director of Finance is responsible for maintaining a record of the requirements for each trust fund and for advising the Finance & Estates Committee on the control and investment of fund balances.

The Finance & Estates Committee is responsible for ensuring that all the College's trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

22 Other

22.1 Insurance

The Director of Finance is responsible for the College's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets. The appointment of insurers and levels of insurances will be considered and approved by the Finance & Estates Committee, any new insurance policies and significant changes to the values insured will be notified on an annual basis.

The Director of Finance is responsible for effecting insurance cover as determined by the Finance & Estates Committee. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Director of Finance will keep a register of all insurances effected by the College and the property and risks covered. He or she will also deal with the College's insurers and advisers about specific insurance problems.

Heads of department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The Director of Finance's advice should be sought to ensure that this is the case. Heads of department must give prompt notification to the Director of Finance of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Heads of department must advise the Director of Finance immediately of any event that may give rise to an insurance claim. The Director of Finance will notify the College's insurers and, if appropriate, prepare a claim in conjunction with the head of department for transmission to the insurers.

The Director of IT, Estates and Learning Resources is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

All staff using their own vehicles on behalf of the College shall maintain appropriate insurance cover for business use, and ensure that their vehicle is maintained to an appropriate standard.

22.2 Companies and joint ventures

In certain circumstances it may be advantageous to the College to establish a company or a joint venture to undertake services on behalf of the College. Any member of staff considering the use of a company or a joint venture should first seek the advice of the Director of Finance, who should have due regard to guidance issued by the Funding Body.

The Governing Body is responsible for ensuring that the required procedures are followed in establishing a College Company.

It is the responsibility of the Governing Body to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the

College. These and other arrangements will be set out in a memorandum of understanding.

The directors of companies where the College is the majority shareholder must submit, via the Finance & Estates Committee, an annual report to the Governing Body. They will also submit business plans or budgets as requested to enable the Committee to assess the risk to the College. The College's internal and financial statements auditors shall also be appointed to such companies.

Where the College is the majority shareholder in a company, the Funding Body requires that the company's financial year must be consistent with that of the College.

22.3 Security

Keys to safes or other similar containers are to be carried on the person of those responsible at all times. The loss of such keys must be reported to the Director of Finance immediately.

An officer shall be responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 2018. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

The Director of Finance is responsible for the safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Director of Finance. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

22.4 Students' Union

The Students' Union is a constituent part of the College and, as such, is responsible to the Governing Body, which, in turn, assumes responsibility for its liabilities.

Subject to any constraints imposed by the Funding Body, the Governing Body shall determine the level of grant to be paid annually to the Students' Union and approve their budget for the year.

The Students' Union will use the services of the College's finance department for all of its financial services.

In accordance with an agreement between the College and the Students' Union, the Union will be provided with monthly statements of income and expenditure to enable them to ensure that financial disciplines are maintained.

In accordance with an agreement between the College and the Students' Union, the College's internal auditor shall have access to records, assets and personnel within the Students' Union in the same way as other areas of the College.

22.5 Use of the College's seal

Where the affixing of the corporate seal to deeds and other documents is required, it shall be authenticated by the signature of the Chair of the Corporation or in his/her absence, the Vice Chair. The signature shall be witnessed by the Principal at the time of the sealing. Short particulars of all deeds and documents to which the corporate seal has been affixed, shall be recorded in a book to be maintained by the Director of Governance.

The corporate seal of the Corporation shall be kept in the custody of the Director of Governance in a safe place, which shall be secured by a lock.

22.6 Provision of indemnities

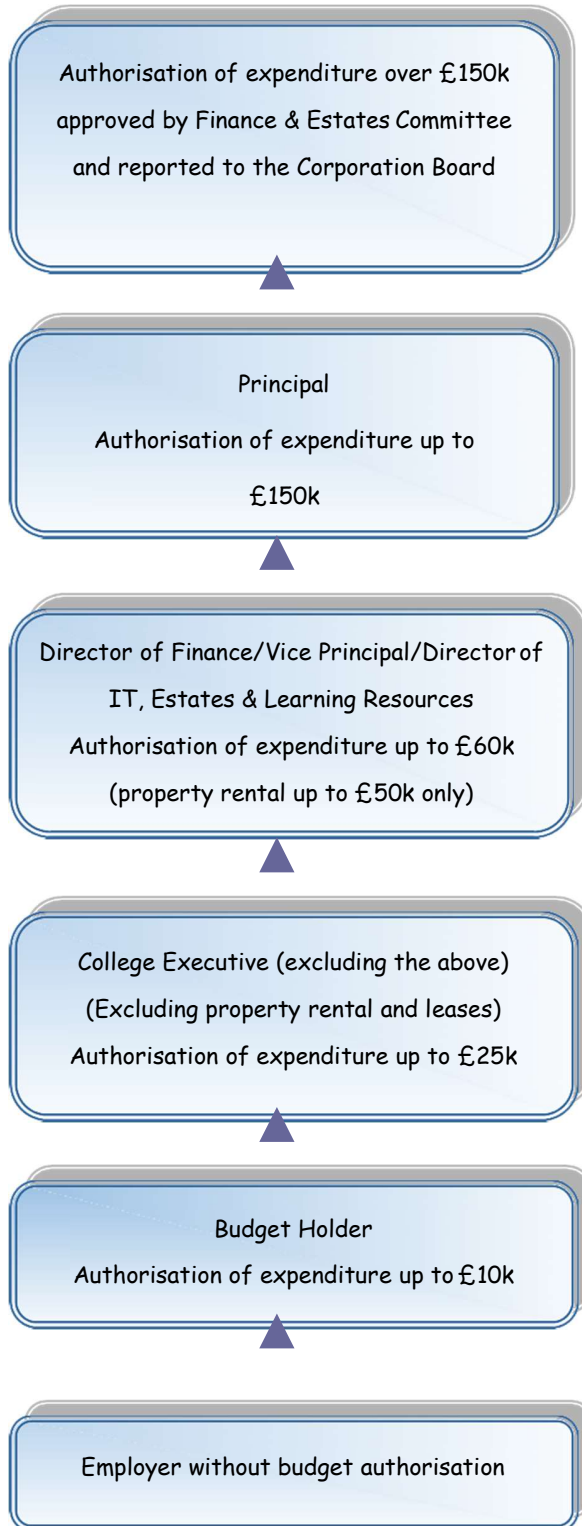
Any member of staff asked to give an indemnity, for whatever purpose, should consult the Director of Finance before any such indemnity is given.

23 Appendices

Appendix A Authorisation Process

Appendix B The Scheme of Delegation

APPENDIX A: AUTHORISATION PROCESS



NOTES

- Under £2,500 no quotes required but consideration of value for money issues. If framework agreements are in place e.g. stationery, these should be used.
- £2,500 - £10,000 obtain 2 written quotes
- £10,000 - £50,000 obtain 3 written quotes
- Over £50,000 - £189,330 requires minimum 3 competitive
- Over £189,330 OJEU Tender carried out by Procurement Officer
- Any capital project or major development should comply with sections 10.5 & 10.7

APPENDIX B: SCHEME OF DELEGATION

1. The College scheme of delegation will be set according to the authorisation process set out in appendix A.
2. All items of expenditure above £150,000 will require prior authorisation of the Governing Body, excluding invoices issued to the College for examinations entries which must be signed by the Principal following review and checking by a member of College staff.
3. The Director of Finance shall have a delegated authority limit of £60,000. Other members of the College Executive will have delegated authority limits of up to £25,000.
4. College budget holder means any director or head of department across the College with responsibility for the management and control of an allocated financial budget.
5. College budget holders may delegate the management and authorisation of their budgets to members of their team within the limits set out below:
 - a. Curriculum Team Leader: up to a maximum of £5,000
 - b. Departmental Support Manager: up to a maximum of £5,000
 - c. All other members of staff: up to a maximum of £1,000