



# FINANCIAL REGULATIONS

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## 1. GENERAL PROVISIONS

### 1.1. BACKGROUND

- 1.1.1.** The College and its companies 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, which may only be amended by application to the Secretary of State for Education. The College and its companies is accountable through its Corporation, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.1.2.** The College and its companies is an exempt charity by virtue of the Charities Act 2006.
- 1.1.3.** The financial memorandum/ conditions of funding between the funding body and the College and its companies sets out the terms and conditions on which grant is made. The Corporation is responsible for ensuring that conditions of grant are met. As part of this process, the College and its companies must adhere to the funding body's audit code of practice, which requires it to have sound systems of financial and management control. The Corporation must adopt a viable financial strategy to ensure the sustainability and the solvency of the College. The financial regulations of the College and its companies form part of this overall system of accountability.

### 1.2. STATUS OF FINANCIAL REGULATIONS

- 1.2.1.** This document sets out the College and its companies' financial regulations. It translates into practical guidance the College and its companies' broad policies relating to financial control. This document was approved by the Finance and General Purposes Committee on 25 July 2019. It applies to the College and all its subsidiary undertakings.
- 1.2.2.** 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/ conditions of funding with the funding body and the funding body's audit code of practice.
- 1.2.3.** The purpose of these financial regulations is to provide control over the totality of the College and its companies' resources and provide management with assurances that the resources are being properly applied for the achievement of the College and its companies' strategic plan and business objectives:
- financial viability and sustainability;
  - achieving value for money;
  - fulfilling its responsibility for the provision of effective financial controls over the use of public funds;
  - ensuring that the College and its companies complies with all relevant legislation; and
  - safeguarding the assets of the College and its companies.
- 1.2.4.** Compliance with the financial regulations is compulsory for all staff and contractors connected with the College and its companies. Any member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the College's disciplinary policy. The Corporation will be notified of any such breach through the Audit

Committee. It is the responsibility of Senior Leadership Team to ensure that their staff are made aware of the existence and content of the College and its companies' financial regulations.

- 1.2.5.** The Finance and General Purposes Committee is responsible for maintaining a continuous review of the financial regulations, through the Chief Operating Officer, and for advising the Corporation of any additions or changes necessary.
- 1.2.6.** In exceptional circumstances, this Committee may authorise a departure from the detailed provisions herein, such departure to be reported to the Corporation at the earliest opportunity.

## 2. CORPORATE GOVERNANCE

### 2.1. THE CORPORATION

**2.1.1.** The Corporation is responsible for the management and administration of the College and its companies. Its financial responsibilities are to:

- ensure the solvency of the College and its companies and the safeguarding of the College and its companies' assets;
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the CEO & Principal and other senior post-holders;
- 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 and its companies are appropriate and sufficient to safeguard public funds;
- approve the appointment of external auditors, and an internal audit service if required;
- secure the efficient, economical and effective management of all the College and its companies' resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the College and its companies 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 in line with the College Strategic Plan
- approve an annual budget before the start of each financial year; in line with the College's overall financial strategy and strategic plan
- determine tuition fees, including Apprenticeship fees;
- ensure that the College and its companies comply with the funding body's audit code of practice;
- approve the College's strategic plan; and
- approve the annual financial statements.

### 2.2. DESIGNATED OFFICER

**2.2.1.** The CEO & Principal is the College and its companies' designated Chief Accounting officer and is responsible for ensuring the financial administration of the College and its companies' affairs are in accordance with the financial memorandum/ conditions of funding with all funding bodies. As the designated Chief Accounting officer, the CEO & Principal may be required to justify any of the College and its companies' financial matters to the Public Accounts Committee at the House of Commons.

In particular, the articles of government 3 (2)(e) charge the CEO & Principal with responsibility:

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

The CEO & 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 CEO & Principal’s statement of the two-year financial forecasts submitted to the funding body.

## **2.3. COMMITTEE STRUCTURE**

**2.3.1.** The Corporation has ultimate responsibility for the College and its companies’ finances, but delegates specific powers and processes to the committees detailed below:

- Finance and General Purposes Committee
- Audit Committee
- Curriculum Quality and Performance Committee
- Remuneration Committee
- Search and Governance Committee

## **2.4. OTHER SENIOR MANAGERS WITH FINANCIAL RESPONSIBILITY**

### **2.4.1. The Chief Operating Officer**

Day-to-day financial administration is controlled by the Chief Operating Officer, who is responsible to the CEO & Principal 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 and its companies’ annual accounts and other financial statements and accounts which the College and its companies are required to submit to other authorities;
- ensuring that the College and its companies maintain satisfactory financial systems and records;
- providing professional advice on all matters relating to financial policies and procedures; and
- day-to-day liaison with internal and external auditors in order to achieve efficient processes.

[Appendix D](#) shows, for the main areas in which advice is sought, details of the key contacts within the Finance Department.

### **2.4.2. Senior Leadership Team**

The Senior Leadership Team (SLT) are ultimately responsible to the CEO & Principal for financial management for the areas or activities they control. They are advised by the Chief

Operating Officer in executing their financial duties. The Chief Operating Officer will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Directors and 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 Director/SLT Member for their own budget.

Directors shall provide the Chief Operating Officer with such information as may be required to enable:

- compilation of the College and its companies' financial statements;
- compilation of the College and its companies' annual budgets;
- implementation of financial planning; and
- implementation of audit and financial reviews, projects and value for money studies.

### **2.4.3. All members of staff**

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

They should ensure that they are aware of the College and its companies' financial authority limits and the values of purchases for which quotations and tenders are required.

They shall make available any relevant records or information to the Chief Operating Officer or their authorised representative in connection with the implementation of the College and its companies' financial policies, these financial regulations and the system of financial control.

They shall provide the Chief Operating Officer with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Corporation.

They shall immediately notify the Chief Operating Officer whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the College and its companies. The Chief Operating Officer shall inform the CEO & Principal and take such steps as he or she considers necessary by way of investigation and report.

## **2.5. RISK MANAGEMENT**

**2.5.1.** The College and its companies acknowledge the risks inherent in the business, and are committed to managing those risks that pose a significant threat to the achievement of business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable/unacceptable by the College and its companies will be set out in a separate risk management plan.

**2.5.2.** The Corporation has overall responsibility for ensuring there is a risk management plan and a common approach to the management of risk throughout the College and its companies through the development, implementation and embedment within the organisation of a formal, structured risk management process.

**2.5.3.** In line with this policy, the Corporation requires that the risk management plan and supporting procedures 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;
- 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 Corporation of all risks above established tolerance levels; and
- an annual review of the implementation of risk management arrangements.

The strategy and procedures must be capable of independent verification.

**2.5.4.** The Senior Leadership Team must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College and its companies may be exposed. The advice of the Chief Operating Officer should be sought to ensure that this is the case. The Chief Operating Officer must also ensure that any agreements that are to be entered into are first tabled at Executive Team meetings with appropriate business plans.

## **2.6. WHISTLEBLOWING**

**2.6.1.** 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.

**2.6.2.** Normally, any concern about a workplace matter at the College and its companies should be raised with the relevant member of staff's immediate line manager or Director. However, the College and its companies recognise 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.

**2.6.3.** A member of staff may, therefore, make the disclosure to any Director. If the member of staff does not wish to raise the matter with this person, or with the CEO & Principal or the Chair of the Corporation, it may be raised with the Chair of the Audit Committee.

**2.6.4.** The full procedure for whistleblowing is set out in the College's Public Interest Disclosure (whistleblowing) policy, which is available from the Clerk to the Corporation.

## **2.7. CODE OF CONDUCT**

**2.7.1.** The College and its companies are committed to the highest standards of openness, integrity and accountability. They seek to conduct their 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. These principles are set out at [Appendix E](#).

**2.7.2.** Additionally, members of the Corporation, senior management or those involved in procurement are required to disclose interests in the College's register of interests maintained by the Clerk to the Corporation. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.

**2.7.3.** In particular, no person shall be a signatory to a College and its companies' contract where he or she also has an interest in the activities of the other party.

### **2.7.4. Receiving gifts or hospitality**

It is an offence under the Bribery Act 2012 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; and
- 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 and its companies 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 Chief Operating Officer. A register will be maintained by the Clerk to the Corporation and a note appended to the relevant personal file.

## 3. FINANCIAL MANAGEMENT AND CONTROL

### 3.1. FINANCIAL PLANNING

**3.1.1.** The Chief Operating Officer is responsible for preparing annually a rolling three-year financial plan for approval by the Corporation on the recommendation of the Finance and General Purposes Committee and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the Strategic Plans approved by the Corporation.

#### 3.1.2. Budget objectives

The Corporation will, from time to time, set budget objectives for the College and its companies. These will help the Chief Operating Officer in preparing his or her more detailed financial plans for the College and its companies.

#### 3.1.3. Resource allocation

Resources are allocated annually by the Corporation on the recommendation of the Finance and General Purposes Committee, and on the basis of the above objectives. Senior Leadership Team members and Budget Holders are responsible for the economic, effective and efficient use of resources allocated to them.

#### 3.1.4. Budget preparation and allocation

The College budget for the following year is proposed by the Senior Management Team/Chief Operating Officer, examined by the Finance and General Purposes Committee and approved by the Corporation. Budget holders will be responsible for monitoring resource allocation within their section and for making recommendations for any appropriate redistribution of resource. These will be monitored by the Chief Operating Officer who will provide regular reports to the Senior Management Team and the Finance and General Purposes Committee.

All budget holders must provide information necessary in accordance with notified deadlines for the Chief Operating Officer to compile the annual budget which will form the basis of the financial projections required for submission to the Education and Skills Funding Agency (ESFA).

No expenditure should be entered into unless a budgetary provision has been agreed. The Corporation gives final budgetary approval and formal notification is sent to the budget holder.

The Chief Operating Officer is responsible for the preparation of plans for resource allocation and for long term financial forecasts for submission to the Finance and General Purposes Committee and the Corporation.

The Chief Operating Officer is responsible to the CEO & Principal for ensuring that proper procedures exist for the control of expenditure against approved budgets.

All proposals for new developments involving additional expenditure in the budget cannot be approved by the Corporation without a report containing a section dealing with the financial implications which has been approved by the Chief Operating Officer before submission to any committee or the Corporation.

Budget holders are ultimately accountable to the CEO & Principal via the Chief Operating Officer for the proper use of funds in accordance with these regulations and any procedural notes issued to budget holders. Budget holders may delegate authority to incur expenditure within their budgets but retain ultimate responsibility for the control of the expenditure.

The Chief Operating Officer is responsible for providing budget holders with the necessary financial management information or appropriate training on the financial system so that budgets can be closely monitored. Financial information may be provided via computer interrogation but budget holders must ensure the security of the information and that those who are permitted to access information conform to required procedures.

Budget holders must inform the Chief Operating Officer when:

- a) expenditure not provided for in the approved budget is contemplated;
- b) it appears that the approved budget expenditure may be exceeded or the approved budgeted income is unlikely to be achieved; and
- c) expenditure may need to be committed in advance of the financial year for which it has been authorised.

Any requests from budget holders for additional expenditure over budget for £1,000 or more will be the subject of a report to the Senior Management Team. The financial implications included in the report must have been agreed with the Chief Operating Officer.

The annual budget preparation timetable is as follows:

The budget timetable should be issued to all directorates prior to the first Finance and General Purposes Committee meeting of the new financial year. Subject to approval of the timetable by the Finance and General Purposes Committee, the Chief Operating Officer will request outline budgets in February/March from department managers for submission by the end of March/April.

The Senior Leadership Team will consult with a view to final budgets for the end of May. The final budget shall be approved by the Corporation by the end of July. Minor revisions and virement may be carried out in October when the outcome of enrolment is clear.

### **3.1.5. Capital Expenditure Budget**

Capital expenditure includes the following:

- (a) purchase of land and buildings;
- (b) site works, erection, alteration and improvement of buildings;
- (c) professional fees in respect of the above; and
- (d) purchase of and installation of new furniture, fixtures and equipment providing that such items cost £1,000 or more.

The Senior Management Team will consider an annual capital programme prepared by the Chief Operating Officer by February/March for major capital requirement to be forwarded to the Finance and General Purposes Committee so that any revenue implications of the capital programme can be considered. No capital expenditure must be incurred outside of the approved capital programme.

The appropriate capital project officer is responsible for providing regular statements of current capital expenditure on building works against the authorised programmes to the Senior Management Team. The format of these statements should be agreed with the Chief Operating Officer.

The appropriate capital project officer must give notice to the Chief Operating Officer when there is a likelihood of a scheme overspending. It is the responsibility of the project officer to ensure that projects keep within budget and to obtain supplementary estimates before a project budget is exceeded.

The Executive Team will oversee the execution of authorised projects on behalf of the Finance and General Purposes Committee.

Any borrowing needed to finance the capital programme will be in accordance with the Regulations on Borrowing.

Following completion of a capital project in excess of £50,000 in value, a post-project evaluation or final report should be submitted to the Finance and General Purposes 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.

#### **3.1.6. Overseas activity**

In planning and undertaking overseas activity, the College and its companies must have due regard to the relevant guidelines issued by the funding body.

#### **3.1.7. Other major developments**

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £50,000 should be presented for approval to the Finance and General Purposes Committee.

The Chief Operating Officer will establish protocols for these major developments to enable them to be considered for approval by the Corporation. These will set out the information and financial criteria that are required for each proposed development. In order that an appropriate decision can be made.

### **3.2. FINANCIAL CONTROL**

#### **3.2.1. 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 SLT Member/Director for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the Chief Operating Officer by the Director concerned and corrective action taken as necessary.

### 3.2.2. Financial information

The budget holders are assisted in their duties by management information provided by the Finance team. The types of management information available to the different levels of management will equate to their requirements and demands.

The Chief Operating Officer is responsible for supplying budgetary reports on all aspects of the College and its companies' finances to the Finance and General Purposes Committee on a basis determined by the Finance and General Purposes Committee but subject to any specific requirements of the funding body.

### 3.2.3. Changes to the approved budget

Changes proposed to the approved budget will be first considered by the Finance and General Purposes Committee, which will make proposals to the Corporation, unless they fall within the delegated approval arrangements:

- Chief Operating Officer £ 50,000
- CEO & Principal £100,000

### 3.2.4. Virement

Budgets may be vired from one nominal code to another by completing the virement request form. The Finance Team will advise on the process of any budgetary virements.

## 3.3. ACCOUNTING ARRANGEMENTS

### 3.3.1. Financial year

The College and its companies' financial year will run from 1 August until 31 July the following year.

### 3.3.2. Basis of accounting

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

### 3.3.3. Format of the financial statements

The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (the 2015 SORP) and in accordance with applicable Accounting Standards. They conform to the guidance published by the College Finance Directors Group (CFDG), the Association of Colleges (AoC), and the Education and Skills Funding Agency (ESFA) in consultation with the external auditors.

### 3.3.4. Capitalisation and depreciation

New land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal instalments over their estimated remaining useful life. Land will not be depreciated.

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

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 £1,000 or more. Expenditure incurred in the acquisition of computer and software equipment will be capitalised where the cost of each item is £500 or more. Grouped items (e.g. a suite of computers) with an individual value of less than £400, but a group value of £2,000, will not be capitalised. Capitalised assets other than land and buildings will be depreciated over a period of years commencing in the year of acquisition, as stated in the Accounting Policies of the financial statements.

### **3.3.5. Accounting records**

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

The College and its companies 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

The Chief Operating Officer will make appropriate arrangements for the retention of electronic records.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations.

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

### **3.3.6. Information to budget holders**

The Finance Department will provide up to date budget reports each month, except the first month of the financial period. Where technically possible, budget holders will have on line access to their current income and expenditure on the College finance computer system. The Finance Team will arrange appropriate training for budget holders.

### **3.3.7. Information to the Corporation and the Senior Management Team**

The Finance Department will provide management accounts, including a commentary, income and expenditure reports, balance sheet and cash flow forecast each month. The financial statements will be distributed to each member of the Corporation and Senior Leadership Team by the end of the following month, except the first month of the financial period.

At Corporation meetings, Finance and General Purposes Committee meetings and Senior Leadership Team meetings, the most recent financial statements are included on the Agenda.

### **3.3.8. Taxation**

The Chief Operating Officer, supported by the Finance Team, is responsible for maintaining the College and its companies' tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

## **3.4. AUDIT REQUIREMENTS**

### **3.4.1. General**

External auditors and internal auditors shall have authority to:

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

The Chief Operating Officer is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

### **3.4.2. External audit**

The appointment of external auditors for the main financial statements of the College and its companies is the responsibility of the Corporation. The Corporation will be advised by the Audit Committee.

The primary role of this external audit is to report on the College and its companies' 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 audit code of practice and the Auditing Practices Board's statements of auditing standards.

In addition, the funding body will appoint separate auditors to carry out an external audit of the College's Individualised Learner Record (ILR) return. The primary role of this audit is to give assurance to the funding body that the College's funding is accurate within certain agreed tolerances. This work will also help the external auditors of the College in their work on the income elements of the financial statements.

### **3.4.3. Internal audit**

The internal auditor is appointed by the Corporation on the recommendation of the Audit Committee. The College's financial memorandum/ conditions of funding with the funding body requires that it has an effective internal audit function. The main responsibility of

internal audit is to provide the Board of the Corporation, the CEO & Principal, and senior management with assurances on the adequacy of the internal control system.

However, as from 1 August 2013, it is not mandatory under the Audit Code of Practice for any college corporation to have to appoint an internal audit service. It is for each college corporation, on the advice of its Audit Committee, to determine for itself how best to fulfil its obligations to secure the proper economic, efficient and effective use of resources and to safeguard the college's assets. The Corporation Board has resolved to retain the Internal Audit Service.

The Audit Code of Practice requires the Audit Committee to assess and provide the Corporation with an opinion on the adequacy and effectiveness of the College's audit arrangements, framework of governance, risk management and control, and processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets.

The internal audit service should remain independent in its planning and operation but has direct access to the Corporation, CEO & Principal and Chair of the Audit Committee. The formal responsibilities of internal audit are detailed at [Appendix F](#). The internal auditor will also comply with the Auditing Practices Board's auditing guideline Guidance for Internal Auditors.

#### **3.4.4. Fraud and corruption**

All incidents of theft and damage should be reported immediately to the Chief Operating Officer on the College Incident Report Form.

The Chief Operating Officer will ensure that:

- In all instances the police will be informed.
- Where insurance cover exists, a claim will be made as appropriate.
- Where staff or student involvement is suspected, the appropriate disciplinary procedure is invoked.
- A termly summary report is submitted to the Audit Committee.

All incidents of deception or suspected deception should be reported immediately verbally or in writing to the Chief Operating Officer and the CEO & Principal.

The Chief Operating Officer will ensure that:

- The Clerk to the Corporation is formally advised.
- An investigation is carried out to ascertain whether it is likely that a deception has taken place.
- The results of the investigation are formally notified to the Clerk to the Corporation.

If it is concluded that a deception has taken place, the Chief Operating Officer will ensure that:

- Legal advice is sought regarding reporting the incident to the police.
- Where insurance cover exists, a claim is made as appropriate.
- Where staff or student involvement is suspected the appropriate disciplinary procedure is invoked.

- A report of the incident, including recommended changes to financial regulations and procedures, is submitted to the Chair of the Audit Committee who will decide whether a special meeting of the Audit Committee should be called.
- A termly summary report of all incidents will be submitted to the Audit Committee.
- Where Finance Department staff are possibly implicated, the CEO & Principal will be informed and will designate the appropriate investigating officer.

### **3.4.5. Value for money**

It is a requirement of the financial memorandum/ conditions of funding that the Corporation 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.

### **3.4.6. Other auditors**

The College and its companies 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 the HM Revenue and Customs. They have the same rights of access as external and internal auditors.

## **3.5. BANKING ARRANGEMENTS**

### **3.5.1.** The College's bank accounts may only be opened or closed with authority of both the Chair of the Corporation and the CEO & Principal on the advice of the Chief Operating Officer.

Any staff operating bank accounts for College related activities must provide details to the CEO & Principal and the Chief Operating Officer. This will include accounts for College clubs and associations, student projects, staff and student trips, and other activities involving money received from College staff or students and any activity involving the use of College facilities or property (including intellectual property).

### **3.5.2. College Current Account - cheque and on-line payment signatories:**

The signatory arrangements for the Current Account will involve two tiers of signatories, (A) & (B).

The (A) signatories will be:

1. Chairman of the Corporation
2. Vice Chairman of the Corporation
3. CEO & Principal
4. Chief Operating Officer

The (B) signatories will be:

1. Director of Human Resources
2. Designated Officer from the Finance Team (as advised by the Chief Operating Officer)

### 3. Deputy Principal level

Signing rules:

Either two (A) signatories or one (A) with one (B) signatory.

- 3.5.3. The Corporation's bankers must be informed immediately when an authorised signatory either ceases to hold office or leaves the College's employment.
- 3.5.4. Overdrafts and borrowings must be approved by the Corporation and the ESFA.
- 3.5.5. Cash should only be retained to provide cash floats, petty cash and ATM. The limit will be no more than the current Insurance Cover which will be reviewed annually.
- 3.5.6. A member of staff receiving money whether cash, cheque, credit card or money order must immediately give an official College receipt which should be numbered and dated. A copy of the receipt should be retained. Any money received by staff must be paid into the Finance Department on the day or at the very latest the next working day. Any money not paid into the Finance Department immediately must be locked in a safe or strong cabinet. The Finance Department will give a College Cash Office receipt which must be retained with the copy receipts.

Income is received in the Finance Department, will be banked weekly after daily reconciliation. Banking will be carried out by a security company.

Cheque lists must reconcile to cheques listed at post opening and the tills.

Copies of the detailed procedures for determining cash for investment are held in the Finance Department and in the office of the Chief Operating Officer.

The procedures will be carried out daily prior to 10.30 a.m. by a member of the Finance staff designated by the Chief Operating Officer.

The Chief Operating Officer is responsible for monitoring the correct application of the procedures.

A separate Treasury Management Policy and procedures are maintained by the College.

### 3.6. INCOME

#### 3.6.1. Staff responsibility

It is the responsibility of all College staff to ensure that the Finance Department is made aware of debtors as shown below and to provide information requested by the Finance Department. It is the responsibility of the Finance Department (Income Section) to invoice debtors and collect income due to the College.

#### 3.6.2. Student enrolment income

Any student attending a College course must complete enrolment procedures as set out in line with the College Enrolment Procedures. It is the responsibility of course leaders to ensure that students have done so.

#### 3.6.3. Other income e.g. consultancy etc.

It is the responsibility of the budget holder to ensure that the Finance Department is advised without delay of potential income on the appropriate form in accordance with the

instructions in line with the College Financial Procedures. Any written request for money owed to College must be accompanied by a College invoice produced by the College finance system.

Ideally payment for goods, services and accommodation should be made on or before the time of supply.

#### 3.6.4. Concessions

Concessions of time and/or amount of payment may only be made in accordance with the concessionary rules issued by the Corporation. The rules will be reviewed each year and confirmed or amended at the same meeting at which the annual tuition and other fees and charges are set.

#### 3.6.5. Bad debts

On the due date for payment one written reminder and/or telephone chase to the debtor. If the debt remains unpaid 30 days thereafter, the Finance Department may pass the papers to the Debt Collection Agency for appropriate action to be taken.

The College has the right to ask any student to leave the course if the debt remains unpaid.

#### 3.6.6. Writing off debts

Debts may only be written off when authorised in writing as shown below:

Amount	Signature
£1,000 or less	Budget Holder and Chief Operating Officer
£10,000 or less	Budget Holder and CEO & Principal
over £10,000	Budget Holder and Corporation meeting minutes

#### 3.6.7. Credit notes

Credit notes which are issued to correct a data input error on an invoice must be issued for the full amount of the invoice and approved by the Chief Operating Officer. The correct invoice must be issued immediately.

Credit notes which are issued to correct an error on an invoice request document must be authorised in writing by the budget holder concerned and the Chief Operating Officer. The correct invoice must be issued immediately, following College financial procedures.

Other credit notes may be issued only if a payment reduction has been agreed in accordance with financial regulations.

#### 3.6.8. Income contracts

Contracts which are expected to achieve commercial income of over £300,000 must be notified to the Corporation.

#### 3.6.9. Student fees

Any student who has not paid an account for fees or any other item owing to the College shall not receive the certificate for any degree, diploma or other qualification awarded by the College until all outstanding debts have been cleared. 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.

### **3.6.10. Student loans**

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

### **3.6.11. Emergency/hardship loans**

The College's scheme for emergency/hardship loans must be approved by the Corporation. 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 Chief Operating Officer is responsible for ensuring the adequacy of the systems in place for:

- approving loans in accordance with the scheme;
- paying loans that have been approved; and
- recovering loans that have not been paid.

## **3.7. OTHER INCOME-GENERATING ACTIVITY**

### **3.7.1. 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 Executive Team member (and in the case of an Executive Team Member, the CEO & Principal); and if this is the CEO & Principal, this request would go to the Corporation
- applications for permission to undertake work as a purely private activity must be submitted to the Executive Team member or CEO & 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;
  - full details of any College resources required (for the calculation of the full economic cost); and
  - an undertaking that the work will not interfere with the teaching and normal College duties of the member(s) of staff concerned.

### **3.7.2. Short courses and services rendered**

In this context, a short course is any course which does not form part of the award-bearing teaching load of the department.

Any staff wishing to run a short course must have the permission of their Director. The course organiser will be responsible to the Director for day-to-day management of the course.

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.

### **3.7.3. Off-site collaborative provision (franchising)**

Any contract or arrangement whereby the College and its companies provide education to students away from College premises, or with the assistance of persons other than the College and its companies' own staff or with independent contractors (partner organisations), must be subject to the following procedure.

There shall be a contract, supported by a business case, signed by the CEO & Principal and/or Chief Operating Officer and on behalf of any partner organisation that shall comply at least with the funding body model contract (as amended from time to time) in place before any provision is made. Contracts for significant changes in franchising activity shall be approved in advance by the Corporation.

The form of the contract shall be scrutinised and approved in advance of its operation by the Finance and General Purposes Committee or the Corporation.

The impact of the contract(s) shall be subject to scrutiny by the Finance and General Purposes Committee or the Corporation. The format for regular reports shall be as stated in funding body guidance. They shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the College's financial forecast.

Where the partnership would represent a significant departure from the College's strategic plan, the Corporation shall approve the departure, and the CEO & Principal shall seek the views of and inform the funding body.

### **3.7.4. Grants**

#### **European Union (EU) Grants and other non-mainstream grant funding**

Any such project requires the approval of the appropriate officer prior to any commitment being entered into. Such approval shall be dependent upon the relevant Director 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 in excess of £300,000 shall be the subject of a report by the Chief Operating Officer to notify the Corporation which will set out, amongst other things, the potential risks generated by the project.

If the College sub-contracts such work to external providers, the relevant Director 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; and
- payments are only made against detailed invoices.

### **3.7.5. 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 Director and the Chief Operating Officer.

Other income-generating activities organised by members of staff must be costed and agreed with the Chief Operating Officer 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.

### **3.7.6. Deficits**

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

### **3.7.7. Additional payments to staff**

Any 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 Chief Operating Officer.

## **3.8. INTELLECTUAL PROPERTY RIGHTS AND PATENTS**

### **3.8.1. General**

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

### **3.8.2. Patents**

The Finance and General Purposes Committee is responsible for establishing procedures to deal with any patents accruing to the College and its companies from inventions and discoveries made by staff in the course of their research.

### **3.8.3. Intellectual property rights**

In the event of the College and its companies deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the College and its companies and contained in the College and its companies' detailed financial procedures.

## **3.9. EXPENDITURE**

### **3.9.1. General**

The Chief Operating Officer is responsible for making payments to suppliers of goods and services to the College and its companies.

### **3.9.2. Procurement**

The College and its companies 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. Factors to be considered in determining lowest cost are noted in the financial procedures.

### 3.9.3. Purchase orders

The ordering of goods and services shall be in accordance with the College and its companies' detailed financial procedures/purchasing policies.

All goods and services required by the College must be requested on a College order obtained via the College systems which will include requisitions and purchase orders are in place beforehand. Budget holders must comply with the instructions set out in the College's financial procedures. Staff will be personally responsible for the cost of goods and services received by the College for which an official order has not been placed.

In an emergency such as the breakdown of vital equipment, a telephone order may be made for a repair service. In these circumstances, the telephone order must be agreed by the budget holder and a confirmation order must be requested in writing within one working day of the telephone order being made.

Orders for utilities, such as telephone, water, electricity and gas will also be required. However, the Finance Department is expected to keep records which enable comparisons to be made from year to year. Differences of more than 20% from one year to another over a comparable period should be reported to the Chief Operating Officer. An official order must be produced for specific services required.

Exemptions from purchase orders may be necessary in certain cases. Examples of items exempt from requiring a purchase order include the following;

- Exam bookings
- Taxi, courier, post bookings
- Fuel card expenses
- Credit card purchases (subject to prior approval by the COO)
- Agency staff for teaching/support staff approved through the designated process (subject to HR approvals processes)
- Staff expenses (subject to usual approvals process)
- Other pay related expenses (subject to prior approval by line manager/SLT)
- Business rates (subject to prior approval by the budget holder)
- Apprentices' employer incentive payments (subject to a signed contract being in place)

In exceptional circumstances, the COO may approve other exemptions within his/her approval limit. In all instances where an exemption is applied, prior approval at the appropriate level must be in place before a commitment is made.

Staff must declare in writing to the Chief Operating Officer if they have:

- (i.) any financial interest in a business which supplies goods or services to the College; and
- (ii.) a close family or personal relationship with an individual who has a financial interest in a business which supplies goods or services to the College.

The above supplies will be monitored on the finance systems and a monthly report will be given to the Chief Operating Officer showing all payments made. If the payments exceed £5,000 per annum, a written justification of orders will be required from the appropriate budget holders.

Staff with shares in Public Limited Companies or Privatised Utilities need not declare their interest.

Orders may only be printed if the requisition has been authorised by the appropriate budget holder in accordance with the financial procedures and the amount is within the relevant budget.

### 3.9.4. Electronic Purchase Order Processing (POP) of Goods and Services

**Requisition rights** – The budget holder and any person with delegated authority has the right to raise a requisition on the finance system. Delegated authority is only approved by the completion of a Delegated of Authority (DoA) form by the budget holder and submitted to the Finance Department.

**Entering requisition and budget checks** – The budget holder enters requisition onto the finance system which is checked against internal controls to establish funds available. If budget funds are greater than Actual and Committed expenditure to date then it is approved.

Once the requisition has passed through the embedded checks, the Finance Department will check that the description and nominal code are correct. If incorrect, then it is rejected and returned to originator for re-inputting or clarification of coding.

The finance team will check the electronic signature levels. The approval levels on the finance system for goods and services are:

Up to £1,000	Budget Holder
Over £1,000<£25,000	Senior Leadership Team member
Over £25,000 < £100,000	Chief Operating Officer
Over £100,000 < £500,000	CEO & Principal

For major expenditure items of £500,000 or over, a report will be prepared for the Finance and General Purposes Committee. The Finance and General Purposes Committee will review and recommend for approval via the Corporation Board.

The Finance Department will generate an official Order for approved requisitions and send to the supplier via email/fax or post.

### 3.9.5. Tenders and quotations

Order / Contract Amount	Requirement
£0 - £499	Two quotations required
£500 - £4,999	Three quotations required

£5,000 - £9,999	Three written quotations
£10,000 - £24,999	Four written quotations
£25,000 - EC OJEU threshold	Member of Executive Team invites tenders provided expenditure is within the College's approved budget.
Above EC OJEU threshold	The Corporation invites tenders.

All budget holders, and any manager with a purchasing responsibility, are required to fully comply with the above arrangements for the procurement of goods, services and works, including completing the appropriate College Forms as necessary.

All procurement with a value above OJEU levels must now be undertaken electronically, enabling all information exchanged as part of the tender process, including the actual submission of any bids, to be undertaken via the use of an eTendering system.

The College is a member of a number of procurement consortia. As much procurement as possible should be carried out through consortia arrangements to achieve best possible value for money. The College is expected to comply with both the Public Procurement Regulations 2015 and any supplementary consortia requirements. The College's Finance Team will provide support to budget holders in cases of procurements with a value below £25,000 and will manage on behalf of the Corporation any procurement exercises, with appropriate procurement expertise input, with a value of £25,000 or more.

If the proposed spend is below £25,000, and the budget holder does not wish to place an order with the organisation offering the lowest price, then the budget holder must produce a written statement detailing the reasons for their decision and this should be returned to the Chief Operating Officer for consideration and before any final decision is taken.

Members of the Senior Leadership Team or the Corporation may invite tenders in the following ways:

- 1) Procurements above £24,999 but below OJEU levels: by invitation to at least three organisations from a list of approved contractors.
- 2) OJEU Procurements:
  - a) Generally, by open invitation or by restricted procedure where there are potentially a very large number of bidders in the market (this will be confirmed through market engagement) or there is otherwise a genuine need to pre-qualify suppliers who have responded to a Prior Contract Notice (PCN);
  - b) Where circumstances justify this, via the use of an appropriate framework agreement.

In all cases, a closing date and time must be specified.

For tenders with a value below OJEU levels, bids may be dispatched and returned either by post or email (e-Tender systems). All staff are encouraged to use an e-Tender system where possible.

All postal tender documents will be returned in sealed envelopes to the Finance Department. The envelopes will be opened by the Chief Operating Officer or his/her assigned representative in the presence of one other member of the Senior Management Team as soon as feasible after the closing date and time. No envelopes may be opened after this time.

All e-Tender documents will be returned to the finance team for the attention of the Head of Finance. The e-tender emails will be opened by the finance team and the Procurement Manager as soon as feasible after the closing date and time using the shared e-mail password.

A record of the tender details will be entered on the schedule to ensure the data is effectively captured.

For OJEC tenders, on behalf of the Corporation, the CEO & Principal will designate a group of College staff with relevant expertise to work with the College's Finance team with input/assistance from the Procurement Manager/specialist on drafting relevant specifications and then examining any tenders, making a final recommendation to the Corporation. If the lowest tender is not recommended, the reasons for such a decision must be given in writing and to the CEO & Principal. Where the expertise is not available in College, consultants may be appointed to assist the College with these processes.

Any award of contract cannot be made until the Senior Management Team or the Corporation, as appropriate, has formally considered and agreed any recommendations resulting from the procurement exercise. Any recommendations should be accompanied by the completed Tender confirmation documentation.

Should there be a timing problem regarding Corporation meeting dates, then the Finance and General Purposes Committee may be authorised by the Corporation to agree to award any contract or place the order, but the Corporation must be advised of the decision in writing at the first meeting thereafter.

### **Exceptional Circumstances**

**The only exceptions to the above arrangements will be:**

- 1. When there are insufficient providers of the specialist goods and/or services required.**
- 2. Where there is insufficient time to obtain the necessary number of quotes and to delay the purchase of the goods and/or services would impose a significant penalty on the College.**

**If either of the above exceptions apply they must first be approved by the Chair of the Finance and General Purposes Committee under delegated authority, or if outside their limit, the Chair of the Corporation under delegated authority, and subsequently reported to the appropriate committee at its next meeting.**

#### **3.9.6. Post-tender negotiations**

Post-tender negotiations (i.e. after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms can be entered into, provided:

- such discussions are consistent with the information published within any earlier Prior Information Notice (PIN) or CPN and/or the ITT documentation;

- it would not put other tenderers at a disadvantage; and
- it would not affect their confidence and trust in the College and its companies' tendering process.

In each case, a statement of justification should be approved by the CEO & Principal prior to the event, showing:

- background to the procurement;
- reasons for proposing post-tender negotiations; and
- demonstration of the improved value for money.

All post-tender negotiations should be reported to the Finance and General Purposes Committee.

### **3.9.7. Contracts**

All contracts must be signed by the Chief Operating Officer and/or the CEO & Principal; the College copy should then be forwarded to the Finance Team for recording and retention and on behalf of the Corporation.

All Contracts with a value above £24,999, will have a nominated Contract Manager, usually from the purchasing Department or Faculty, who will be responsible for the day to day management of the contract, including undertaking regular performance review meetings. Any issues of non-compliance or breach should be reported immediately to the Chief Operating Officer who will provide support and guidance as appropriate.

The Finance team and the Procurement Manager/specialist will, on behalf of the Corporation, maintain a central register of all College contract managers, such a register to include details of each managers' contract responsibilities, the total value of each contract, and any issues in terms of service delivery or performance, including but not limited to any agreed variation, extension or action plan.

The Finance team and the Procurement Manager/specialist will, on behalf of the Corporation, be responsible for all standard College contract and procurement templates, updating as appropriate in response to funding, regulatory or legal changes. Only these approved templates should be used by budget holders and/or purchasing managers when issuing contracts or procurement documentation.

The Finance team and the Procurement Manager/specialist will be responsible for undertaking regular audits of contract and procurement activities, ensuring compliance with legal and regulatory obligations and sharing examples of good practice and identifying any areas for improvement. The Finance team and the Procurement Manager will also be responsible for delivering training and updates on legamlan and contract management issues as required.

For major contracts of £500,000 or over, a financial statement will be prepared for the Finance and General Purposes Committee no less than twice per annum throughout the duration of the contract. The report will show actual and forecast expenditure against budget and include a commentary on the progress of the contract. The Finance and General Purposes Committee will nominate the member of staff to liaise between the contractors and the Committee.

### 3.9.8. Receipt of goods

All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods, in goods received bay.

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.

All persons receiving goods on behalf of the College and its companies must be independent of those who negotiated prices and terms and placed the official order.

### 3.9.9. Payment of invoices

The procedures for making all payments shall be in a form specified by the Chief Operating Officer. The Chief Operating Officer is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer each week. In exceptional circumstances, the Chief Operating Officer will prepare cheques manually for urgent payments.

Directors 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 (preferably in [electronic format E- Invoice](#)) for goods or services to the finance (or purchasing) department. Departments that receive invoices directly must forward them immediately to the Finance Department.

Care must be taken by the budget holder to ensure that discounts receivable are obtained. Payments will only be made by the Chief Operating Officer against invoices that can be matched to a receipted order.

The Finance Department will either scan the invoice, if paper, or electronically save the file into the invoice register and send an email to the person who raised the requisition, inviting them to authorise the order.

The originator should log on to the finance system and, if satisfied with the invoice, authorise it for payment.

If the invoice varies by more than £100, then an email will be sent by the Finance Department inviting the budget holder to authorise the variation to the order by logging onto the finance system.

The originator will need to view the Invoice in the finance system and, if satisfied, approve the invoice for payment. If the invoice varies by more than £1,000, then an email will be sent by the Finance Department inviting the Chief Operating Officer to authorise the variation to order, by logging onto the finance system. If the Chief Operating Officer is satisfied, the invoice should be approved.

If the invoice is queried by the Chief Operating Officer, an email will be sent to the originator informing them that there is a query with the invoice that needs resolving. Once the query

is resolved, the originator needs to contact the Chief Operating Officer for the invoice to be approved.

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; and
- 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.

#### **3.9.10. College debit/credit cards**

The College holds one main card, which is held in the Finance Department for use for purchase by credit card. Approval of all transactions will be required before the transaction is processed via the credit card.

The card is used for purchases that can only be made using a card, e.g. telephone or internet purchases. Staff requesting payment by card should follow the standard financial procedures, but requesting payment by card rather than cheque. The Chief Operating Officer will countersign any requests for payment and the transaction will be made by Finance Department staff, who will maintain all documentation for reconciliation with the statement.

The card is held by within the Finance Team. The card and all counterfoils must be returned to the Finance Department.

#### **3.9.11. Petty cash**

Cash should not be given to staff or students by the College.

Exceptionally, items of less than £50 may be purchased by staff who will then be reimbursed through the BACS system. However, such purchases must be authorised in advance by the budget holder and any claim for reimbursement must comply with the instructions set out in the College Financial Procedures.

The petty cash float will be reconciled weekly to cash drawn from the bank and petty cash vouchers, which will be received by the Head of Finance on a monthly basis.

#### **3.9.12. Other payments**

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Chief Operating Officer, supported by detailed claims approved by the Director and the SLT member.

Individual payments under 'outward collaborative provision' contracts shall be authorised by the Chief Operating Officer. 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 Finance and General Purposes Committee.

### **3.9.13. Late payment rules**

The Late Payment of 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 1 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; and
- the College can be sued for non-payment.

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

### **3.9.14. Travel and subsistence**

Members of the Corporation will be reimbursed for the cost of UK travel and subsistence essential to the conduct of College business, in line with rates agreed for staff. Any travel claims made will be processed under the rules of the Inland Revenue and the dispensation rights allowed.

Overseas travel expenses must be agreed in advance of the date of travel, approved appropriately by an SLT member and reported to the Corporation. The cost of overseas travel to date will be incorporated in the monthly management accounts presented to the Members of the Corporation.

Claims by Corporation Members will be authorised by the Chief Operating Officer.

Staff will be reimbursed for the cost of UK travel and subsistence via the BACS system essential to the conduct of College business in line with the current local agreements. However, travel and other expenses should not be incurred without the prior knowledge and agreement of the budget holder.

Claims for reimbursement must be submitted monthly and strictly with receipts; the Members of the Corporation reserve the right not to reimburse claims for travel and subsistence which are submitted two months or more after the date of travel and without receipts of purchase.

Claims by all staff, including Senior Postholders, will normally be authorised by the appropriate budget holder. However, claimants may not authorise their own expenses. In these circumstances the Chair, CEO & Principal, or the Chief Operating Officer may authorise claims.

### **3.9.15. 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, reasons must be stated when submitting a claim for reimbursement.

## **3.10. PAY EXPENDITURE**

### **3.10.1. Monitoring integrity of data**

Once all staff details have been entered on the payroll system, the following must be confirmed in order to validate and ratify data collection:

- a) Names and cost centres by cost centre managers.
- b) Names and salaries by Human Resources Department.
- c) Personal and bank details by each member of staff.

(a) and (b) will continue to be carried out annually as part of the budget preparation process. (c) will continue to be carried out annually immediately prior to the external audit.

### **3.10.2. Additional staff**

After 3.10.1. has been carried out, new staff may only be added to the payroll with the written authority of the Director of Human Resources following College payroll/personnel procedures, including the raising of appropriate justifications and supporting documentation.

### **3.10.3. Changes to pay rates**

Changes to pay rates may only be made with the written authority of the Director of Human Resources following payroll/personnel procedures, including the raising of appropriate justifications and supporting documentation.

### **3.10.4. Additional payments**

Overtime will only be paid on the written authority of the budget holder subject to funds available following College payroll/personnel procedures. All overtime must be approved in advance by the relevant SLT member.

Expenses will only be paid on the written authority of the budget holder following College payroll/personnel procedures.

Any other additional payments must be authorised in writing by the budget holder, the Chief Operating Officer and the Director of Human Resources.

### **3.10.5. Changes to tax codes and rates**

Changes to tax codes and rates may only be made on the written request of the HM Revenue and Customs.

### **3.10.6. Changes to NI Codes and Contribution Rates**

Changes to NI Codes and rates may only be made in line with the HM Revenue and Customs.

### **3.10.7. Changes to cost centres**

Changes to cost centre codes may only be made with the written approval of the Director of Human Resources and both the cost centre managers concerned, in line with the justification form, and the agreed rules between the Finance Department and the Human Resources Department.

### **3.10.8. Staff resignations**

Leaving dates may only be entered on the system with the written authority of the Director of Human Resources following College payroll/personnel procedures.

### **3.10.9. Deleting staff pay records**

After 3.10.1 has been carried out, no staff pay records may be deleted from the system without the prior written approval of the Director of Human Resources and the Chief Operating Officer.

### **3.10.10. Security of documentation**

All documentation relating to pay will be kept securely for a minimum of seven years after the staff member has left the employment of the College.

### **3.10.11. Changes to deductions**

Changes to deductions other than statutory may only be made with the written authority of the member of staff concerned following College payroll/personnel procedures and/or an authority to whom they have given signed acceptance.

### **3.10.12. Confidentiality**

All staff personnel pay and expenses information is strictly confidential. Information may only be given to people or organisations outside the College if required by law or authorised by the member of staff concerned (or their legal representative).

Pay and expenses information will only be given to other College staff, at an appropriate level, in order to provide essential financial information for College financial management.

### **3.10.13. Payment to staff**

Payment will be made to staff by direct credit to banks or building society accounts if covered by BACS.

Cheques to staff will be paid only in the event of a problem with the BACS system or where interim payments or final payments are occasionally required.

Payment by cash should only be made in the event of an emergency, and with the express agreement of the Chief Operating Officer.

### **3.10.14. BACS authority**

Payment via BACS will only be confirmed by the Payroll Manager after the monthly reconciliations have been checked and approved by the Director of Human Resources and approved by the Chief Operating Officer.

The detailed reconciliation checks are shown in the College payroll procedures.

### **3.10.15. Monthly reports**

Before the last day of each month payroll details will be passed to the Head of Finance for entering on the finance computer system.

### **3.10.16. Statutory returns and pension**

Statutory returns will be prepared by the Payroll Manager and reviewed by the Director of Human Resources and before despatch.

## **3.11. ASSETS**

### **3.11.1. Land, buildings, fixed plant and machinery**

The purchase, mortgage, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the Corporation and with reference to funding body requirements where exchequer-funded assets or exchequer funds are involved.

### **3.11.2. Fixed asset register**

The Chief Operating Officer, with his/her representative in the Finance Team, is responsible for maintaining the College and its companies' register of land, buildings, fixed plant and machinery. Directors will provide the Chief Operating Officer with any information he or she may need to maintain the register.

### **3.11.3. Inventories**

Directors are responsible for maintaining inventories, in a form prescribed by the Chief Operating Officer, for all plant, equipment, furniture and stores in their departments.

Inventories must be checked at least annually as described in the College's detailed financial procedures.

When transferring equipment etc between departments, a transfer record must be kept and the inventories amended accordingly.

### **3.11.4. Stocks and stores**

Directors 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 Chief Operating Officer.

Directors 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 Directors whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Chief Operating Officer and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the College's detailed financial procedures.

### **3.11.5. Safeguarding assets**

Directors are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control. They will consult the Chief Operating Officer 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 and its companies shall, so far as is practical, be effectively marked to identify them as College property.

### **3.11.6. Personal use**

Assets owned or leased by the College and its companies shall not be subject to personal use without proper authorisation from the Chief Operating Officer.

### **3.11.7. Asset disposal**

Staff must advise the Chief Operating Officer in writing of any College assets which they wish to sell or otherwise dispose of.

If satisfactory evidence is given that the asset is of no further use to the College, arrangements for sale/disposal may be made in line with current College procedures and health and safety legislation.

## **3.12. OTHER**

### **3.12.1. Insurance**

The Chief Operating Officer 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. This portfolio of insurances will be considered and approved by the Finance and General Purposes Committee on an annual basis.

All staff using their own vehicles on behalf of the College and its companies shall maintain appropriate insurance cover for business use.

### **3.12.2. 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 must first seek the advice of the Chief Operating Officer, who should have due regard to guidance issued by the funding body.

The specific powers of further education corporations are set out in Sections 18 (principal powers) and 19 (supplementary powers) of the 1992 Act as amended by the Learning and Skill Act 2000, the Further Education and Training Act 2007 and the Apprenticeships, Skills, Children and Learning Act 2009, a College needs the prior approval of the funding body before a company or a joint venture can be established. The Corporation is responsible for ensuring that the required procedures are followed. The process involved in forming a company or a joint venture and arrangements for monitoring and reporting on the activities of these undertakings are documented in the College's financial procedures.

It is the responsibility of the Corporation 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 and General Purposes Committee, an annual report to the Corporation. 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 external 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.

### **3.12.3. 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 Chief Operating Officer 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 General Data Protection Regulation (GDPR) 2018. A data protection officer shall be nominated to ensure compliance with GDPR and the security of documents.

The Clerk to the Corporation is responsible for the safekeeping of official and legal documents relating to the College and its companies. Signed copies of deeds, leases, agreements and contracts must be forwarded to the Chief Operating Officer. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

### **3.12.4. Password and access control**

Password and access control is the responsibility of the Director of IT Services, who will maintain a detailed written dated record of all path names and descriptions clearly identifying which staff have access. Any amendments to access must be authorised in writing by the Chief Operating Officer.

The Director of IT Services will be advised by the Director of Human Resources of all staff leavers so that they can delete their access and passwords to all finance and payroll systems.

### **3.12.5. Back-up and security of data**

It is the responsibility of the IT Services Department to ensure that a back-up is taken at least daily, stored on site and in the cloud.

### **3.12.6. Changes to systems**

Any proposed changes to existing computer systems must be documented by the Director of IT Services and approved by the Chief Operating Officer in writing before implementation.

### **3.12.7. New systems**

All computer systems which are to be used for the maintenance of statutory financial information, including payroll, will be tested to ensure that the necessary controls exist to comply with security of data and access.

### **3.12.8. Finance codes**

Once the Chart of Accounts has been set out, no new codes may be added to or deleted from the system without authority of the Chief Operating Officer.

Cost Centre and Expenditure codes entered on the payroll system must be consistent with the Chart of Accounts.

### 3.13. APPENDICES

Appendix A	Committee Structure
Appendix B	Terms of Reference – Finance and General Purposes Committee
Appendix C	Terms of Reference – Audit Committee
Appendix D	Key Contacts in Finance Department
Appendix E	The Seven Principles of Public Life from the Report of the Committee for Standards in Public Life (The Nolan Report)
Appendix F	Internal Audit Responsibilities
Appendix G	Electronic Purchase Order Processing of Goods/Services

### **Chief Operating Officer**

The Chief Operating Officer is a member of the Senior Management Team, responsible for the Finance Department. Any problems relating to the functions detailed below should, in the first instance, be referred to the relevant manager. However, should any problems be unresolved, or have an unsatisfactory outcome, the Chief Operating Officer should be advised. Should any staff have any ideas about improving the services provided by the Finance Department, then the Chief Operating Officer would be glad to hear them.

### **Head of Finance**

The Head of Finance is responsible for the day to day operations in the Finance Department. This covers income, expenditure, budget and bank accounts for all areas of the College, including the College companies. Enquiries in the first instance should be made to the section responsible for your area of concern (see organisation chart), but refer to the Head of Finance if you are unsure as to whom you should see, or if your request covers more than one section.

### **Finance Department**

Org Chart – to be confirmed.

Internal auditors will be required to adopt the Public Sector Internal Audit Standards (PSIAS).

The prime responsibility of the internal audit service is to provide the Corporation with assurance on the adequacy and effectiveness of the risk management, control and governance processes. Responsibility for risk management, control and governance processes remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management to improve systems of risk management, control and governance processes and so to reduce the potential effects of any significant risks faced by the College. Risk assessment provides the opportunity for internal audit work to be efficient and focused. It does not necessarily imply that internal audit activity has to be increased.

Internal audit can also provide independent and objective consultancy advice specifically to help management improve the risk management, control and governance processes. In such circumstances, internal auditors apply their professional skills in a systematic and disciplined way to contribute to the achievement of corporate objectives. Such advisory work contributes to the opinion that internal audit provides on the overall adequacy and effectiveness of risk management, control and governance processes.

