



**HEART OF**  
**WORCESTERSHIRE**  
**COLLEGE**

# Financial Regulations

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# FINANCIAL REGULATIONS FOR HEART OF WORCESTERSHIRE COLLEGE

## 1 INTRODUCTION

### 1.1 BACKGROUND

Heart of Worcestershire 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 Corporation, which has ultimate responsibility for the effectiveness of its management and administration.

The College is an exempt charity by virtue of the Charities Act 1993

The Accountability Agreement between the Secretary of State for Education and the College 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 **must** adhere to the DfE Framework and Guide for External Auditors and Reporting Accountants of Colleges and the College Financial Handbook. This handbook provides an overarching framework for implementation of effective financial governance, management and other controls, consistent with your obligations as public sector bodies.

### 1.2 TERMINOLOGY

The Corporation – the body ultimately responsible for the affairs of the College.

The Principal and Chief Executive Officer - Is the Chief Executive and Accounting Officer; and most senior executive leader of the College.

Vice Principal – Finance & Corporate Operations. Member of the Executive leadership team with lead responsibility for financial management. This role is referred to as 'chief financial officer'.

Budget Controller – Member of the Senior Leadership Team or Executive Leadership Team responsible to the Principal & CEO for the strategic management of budgets within their control.

Budget Holder – Heads of Department (not on SLT) and Curriculum Managers who have been assigned a budget is accountable to a budget controller for the management of that budget.

Line Manager – a member of staff with management responsibility for other staff members.

DfE – The Department for Education

MPM – Managing Public Money, the framework which sets out the main principals of dealing with resources in UK public sector organisations.

Handbook – College Financial Handbook published by the DfE

## 2 STATUS OF FINANCIAL REGULATIONS

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 Corporation on 24<sup>th</sup> March 2026 and applies to the College and all its subsidiary undertakings where they exist.

These Financial Regulations are subordinate to the College's Instrument and Articles of Government and to any restrictions contained within the College's Accountability Agreement with the Secretary of State for Education acting through the Department for Education and the Framework and Guide for External Auditors and Reporting Accountants of Colleges. Following the Office for National Statistics (ONS) decision to reclassify colleges into the central government sector, the College, and its subsidiaries are now subject to the framework for financial management set out in the Managing Public Money (MPM) framework documents.

The College Financial Handbook provides an overarching framework for implementation of effective financial governance, management and other controls, consistent with obligations colleges have as public-funded bodies including complying with HM Treasury's Managing Public Money. Compliance with the handbook is a condition of the accountability agreements colleges have in place with the DfE.

Compliance with the Financial Regulations is compulsory for all staff connected with the College. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the College's Disciplinary Policy. Any such breach will be notified to the Corporation through the Audit Committee.

It is the responsibility of Budget Controllers and Budget Holders to ensure that their staff are made aware of the existence and content of the College's Financial Regulations.

Terms of Reference of the Audit Committee include a review of the Financial Regulations and advising the Corporation of any additions or changes necessary. However, changes to the Regulations reflecting changes in the College's accounting and management structure can be made by the approval of the Principal & CEO. Ultimate responsibility for ensuring compliance with the Financial Regulations rests with the Principal & CEO in their position as Accounting Officer.

Amendments to the Financial Procedures **must** be considered and approved by the Executive Leadership Team. These detailed financial procedures set out precisely how the Regulations will be implemented and are contained in a separate document which is available on the staff intranet.

For legal purposes, the full and correct name of the College is "Heart of Worcestershire College". Although the College has no registered office, as such, the address for the delivery of legal documents is:

Heart of Worcestershire College  
Peakman Street  
Redditch  
B98 8DW

### 3 FINANCIAL CONTROL

#### 3.1 THE CORPORATION

The Corporation has ultimate responsibility for the affairs of the College. The financial responsibilities of the Corporation include:

- appointing, grading, suspending, dismissing and determining the pay and conditions of service of the Principal & CEO, other Senior Post Holders and the Governance Professional
- approving a framework for pay and conditions of service of all other staff;
- approving the appointment of external auditors and an internal audit service;
- approving the annual financial statements.

The Corporation **must** take responsibility for the College's financial affairs and for stewardship of assets and **must** use resources effectively, efficiently and economically, to maximise outcomes for learners.

Scheme of financial delegation

- The Corporation cannot delegate overall accountability for the College's funds. However, authority to make financial commitments will usually be delegated to various leaders within the College and, if so, the Corporation **must** approve a written scheme of financial delegation (which may be, or may form part of the College's financial regulations) that maintains robust internal controls. The scheme of financial delegation **must** be approved and reviewed by Corporation:
  - regularly

- at least once every 3 years
- when there has been a change in College management or organisational structure (such as a College merger), that would impact the effectiveness of any existing scheme of delegation.

The College's governance model **must** ensure effective financial scrutiny and oversight. Corporation may delegate scrutiny and oversight to a Finance Committee, though responsibility for approval of budgets, the safeguarding of assets and the financial sustainability of the College cannot be delegated.

#### Responsibilities of Corporation

Corporation **must**:

- Ensure that financial plans are prepared and monitored, satisfying itself that the College remains financially sustainable.
- Take a longer term view of the College's financial plans, consistent with the requirement to submit budget and forecast information to DfE in accordance with the College financial planning handbook.
- Set and regularly review the College policy for holding reserves.
- Ensure rigour and scrutiny in budget management, taking into account both recurrent and capital budgets.
- In accordance with the College financial planning handbook, approve a budget, and any significant changes to it, for its financial year. Corporation **must** consider the impact the budget will have on the College's future financial sustainability.
- Ensure budget forecasts for the current year and beyond are compiled accurately, based on realistic assumptions, including any in relation to the sustenance of capital assets, and reflect lessons learned from previous years.
- Should challenge the learner number estimates on which the budget is based, as these underpin revenue projections.
- Ensure appropriate action is being taken to maintain financial viability, including addressing variances between the budget and actual income and expenditure.

## 3.2 COMMITTEE STRUCTURE

The Corporation has ultimate responsibility for the College's finances and has established a Committee structure to support the scrutiny and monitoring of financial matters. These committees are accountable to the Corporation.

### 3.2.1 Audit Committee

Colleges are required by their Accountability Agreement with the DfE and the Framework and Guide for External Auditors and Reporting Accountants of Colleges to appoint an Audit Committee. The Committee is independent, advisory and reports to the Corporation. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external 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 Practice Framework and Guide for External Auditors and Reporting Accountants of Colleges.

### 3.2.2 Remuneration Committee

Consideration of Senior Post-holders pay and conditions is the responsibility of the Remuneration Committee. It makes recommendations to the Corporation on their remuneration, including pay and other benefits, as well as contractual arrangements.

### 3.2.3 Governance and Search Committee

Responsible for supporting the Board to ensure it fulfils its statutory duties set out by the DfE, while also maintaining strong, effective oversight of governor recruitment and appointment other than Staff and Student members, training, performance, and succession planning. It also provides advice to the Corporation on the arrangements for undertaking its self-assessment both internally and externally.

3.2.4 Teaching & Learning Committee

Responsible for assurance concerning exceptional teaching and learning. Monitors effective policies and systems, which facilitate the student voice, aims to exceed its statutory responsibilities for equality and diversity, and is responsive to workforce trends by adopting a range of strategies for engaging with employers and other stakeholders

3.2.5 Finance & Resources Committee

Responsible for the assurance of financial strategy and funding plans, which are compatible with the duty to ensure the sustainability and solvency of the College. The Committee ensures that there is effective control and due diligence taking place in relation to all matters including acquisitions and subcontracting.

3.2.6 Task and Finish Group

The Corporation may also establish, for specific purposes, a Task and Finish Group which would operate for a time limited period.

3.3 **RESPONSIBILITIES OF MANAGEMENT**

3.3.1 The Principal & CEO

The Principal & CEO, CEO / Accounting Officer role carries specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to DfE's Accounting Officer, for the College's financial resources. The Accounting Officer **must** be able to assure DfE's Accounting Officer, Parliament, and the public, of high standards of probity in the management of public funds, particularly regularity, propriety, feasibility and value for money including economy, efficiency and effectiveness – the 3 elements of value for money.

The Accounting Officer **must** have oversight of financial transactions, by: ensuring that the College property and assets are under the Governors' control, and measures exist to prevent losses or misuse ensuring bank accounts, financial systems and financial records are operated by more than one person keeping full and adequate accounting records to support the College's annual report and accounts.

The Accounting Officer **must** adhere to The Seven Principles of Public Life.

The Accounting Officer **must** have oversight of financial transactions, by:

- ensuring that the College property and assets are under the Governors' control, and measures exist to prevent losses or misuse
- ensuring bank accounts, financial systems and financial records are operated by more than one person
- keeping full and adequate accounting records to support the College's annual report and accounts

The Accounting Officer **must** complete and sign a statement of regularity, propriety and compliance each year and submit this to DfE with the College's audited annual report and accounts, as set out in the College accounts direction.

The Accounting Officer **must** take personal responsibility (which **must not** be delegated) for assuring Corporation that there is compliance with the accountability agreement, the handbook and the College's governing document. This includes where such action conflicts with the duties of the Accounting Officer to ensure regularity, propriety, value for money and feasibility. Though it should be noted that this obligation on the part of the Accounting Officer does not remove or reduce the responsibility of the Governors for oversight of compliance.

The Accounting Officer **must** formally advise Governors in writing if action Corporation is considering is incompatible with the governing document (for example, Instrument and Articles of government or Articles of Association), accountability agreement or this handbook. The Accounting Officer **must** also formally advise Governors in writing if Corporation fails to act where required by the instrument and articles, accountability agreement or this handbook. Where Corporation is nevertheless minded to proceed, the Accounting Officer **must** consider Corporation's reasons as provided in writing. If the Accounting Officer is required to implement Corporation's decision, but still considers the action proposed by Corporation is in breach of the instrument and articles of government, the accountability agreement or the financial handbook, the Accounting Officer **must** notify DfE's Accounting Officer in writing as soon as practical.

### 3.3.2 Vice Principal – Finance & Corporate Operations

Day to day financial administration is controlled by the Vice Principal – Finance & Corporate Operations who is responsible to the Principal & CEO for:

- advising on financial strategy;
- preparing annual capital and revenue budgets and financial plans;
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;
- considering the FE Commissioner benchmarks when setting and monitoring budgets;
- considering other key financial performance indicators and measuring College performance against them frequently and regularly;
- submitting the College budget forecast to DfE, in a form and manner specified by DfE in the College financial planning handbook and in accordance with deadlines published annually;
- managing the College cash position robustly, taking into account the working capital requirements.
- ensuring that the College maintains satisfactory financial systems;
- providing professional advice on all matters relating to Financial Regulations and Procedures;
- issuing and keeping up to date, detailed Financial Procedures for the implementation of these Financial Regulations;
- day-to-day liaison with internal and external auditors in order to achieve efficient processes.

### 3.3.3 Budget Controllers – Members of the Senior Leadership Team or Executive Leadership Team

Vice Principals, Directors, and Heads of Department on the Senior Leadership Team are responsible to the Principal & CEO for the strategic management of budgets within their control.

Budget Controllers are responsible for establishing and maintaining clear lines of responsibility with their Budget Holders and their departments for all financial matters.

### 3.3.4 Budget Holders – Heads of Department and Curriculum Managers

Curriculum Managers and Heads of Department not on the Senior Leadership Team, are responsible to Budget Controllers for financial management for the areas or activities they control.

They are advised by the Vice Principal – Finance & Corporate Operations in executing their financial duties. The Vice Principal – Finance & Corporate Operations will also supervise and approve the financial systems operating within their departments, including the form in which any accounts and financial records are kept. Budget Holders are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved further to departmental staff, they are accountable to their Budget Holders for their own budget.

Budget Holders shall provide the Vice Principal – Finance & Corporate Operations with such information as may be required to enable:

- compilation of the College's financial statements
- implementation of financial planning
- implementation of audit and financial reviews, projects and value for money studies.

3.3.5 All members of staff

All members of staff should be aware 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 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.

They shall make available any relevant records or information to the Vice Principal – Finance & Corporate Operations or their 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 Vice Principal – Finance & Corporate Operations 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 Vice Principal – Finance & Corporate Operations and Head of Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the College. Vice Principal – Finance & Corporate Operations shall take such steps as they consider necessary by way of investigation and report.

3.4 **PLANNING AND BUDGETING**

3.4.1 Financial Planning

The Vice Principal – Finance & Corporate Operations is responsible for preparing annually a Financial Forecast, in accordance with the DfE requirements, for approval by the Corporation and for submitting this document to the DfE. Financial plans should be consistent with the Strategy approved by the Corporation.

3.4.2 Resource Allocation

Resources are allocated annually by the Corporation.

Budget Holders and Budget Controllers are responsible for the economic, effective and efficient use of resources allocated to them.

3.4.3 Budget Preparation

The Vice Principal – Finance & Corporate is responsible for preparing annually a revenue budget for consideration by the Corporation. The budget should also include a monthly cash flow forecast and a projected year end balance sheet for the new financial year. The Vice Principal – Finance & Corporate Operations **must** ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Budget Holders as soon as possible following their approval by the Corporation.

3.4.4 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 fit the College's capitalisation criteria.

The Vice Principal – Finance & Corporate Operations will establish protocols for the inclusion of capital projects in the capital programme. 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. They are shown in more detail in financial procedures.

The Vice Principal – Finance & Corporate Operations is responsible for ensuring planned capital expenditure does not exceed values considered affordable in the annual Financial Forecast.

The Vice Principal – Finance and Corporate will also establish procedures for the approval of variations to capital expenditure, including the notification of large variations to any funding body, as laid down in funding body guidelines.

The Vice Principal – Finance & Corporate Operations is responsible for providing regular statements concerning all capital expenditure to Corporation for monitoring purposes.

Following completion of a major capital project, a post-project evaluation or final report should be submitted to Corporation. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in funding body guidelines or grant award conditions.

#### 3.4.5 Budgetary Control

Designated Budget Holders are required to maintain control of income and expenditure within an agreed budget with day-to-day monitoring undertaken effectively. Budget Holders are responsible to the Principal & CEO, Vice Principal – Finance & Corporate Operations and their Budget Controllers for the proper management of income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets **must** be reported immediately to Vice Principal – Finance & Corporate Operations and, if necessary, arrangements for corrective action taken.

#### 3.4.6 KPI's and Management Accounts

The budget holder will be assisted in this duty by management information provided by the Vice Principal – Finance & Corporate Operations. The types of management information available to different levels of management are described in the College's detailed Financial Procedures. The KPI's and Management Accounts pack will normally be prepared within 10 working days of the month end.

The KPI's and Managements Accounts pack should address all aspects of the College's finances with an income and expenditure account, a balance sheet and a twelve-month rolling cash flow forecast. Variances and a forecast out-turn should also be included. The pack should be aligned to the FE Commissioner best practice on Management Accounts reporting

These reports will be considered by the Executive Leadership Team every month and Senior Leadership Team regularly.

Financial Key Performance Indicators and summary financial information will be presented to the Corporation on at least a termly basis.

#### 3.4.7 Virement

##### Budget Heads

The Principal & CEO is permitted to exercise virement between all budget heads provided:

- The amount involved does not exceed £100,000 in relation to any one proposal or related series of proposals;
- the action does not involve the College in any additional financial commitment, including subsequent years.

Virement powers are delegated to Budget Holders;

- where a Budget Holder is responsible for more than one budget, virement in line with the financial procedures is permitted up to £1,000;
- virement between budgets held by different budget holders is permitted with the written approval of the transferring budget holder and budget controllers.

A Budget Controller **must** approve all virements or connected series of virements in excess of £1,000.

The Vice Principal – Finance & Corporate Operations is responsible for submitting requests for virement of resources in excess of £100,000, or which involve additional financial commitment in subsequent years to the Corporation for consideration and approval.

#### 3.4.8 Amendments to Budget Income or Expenditure

Changes proposed to the approved budget impacting on the predicted College surplus will be considered, with proposals, by the Corporation.

#### 3.4.9 Overseas activity

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

### 3.5 **ACCOUNTING POLICIES**

#### 3.5.1 Financial year

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

#### 3.5.2 Basis of Accounting

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards and the Statement of Recommended Practice: Accounting for Further and Higher Education (the 'FE HE SORP').

The default MPM position is that, for grant-funded government bodies, any unspent grant will be clawed back by the funding body at year-end. However, it is essential that longer term financial planning is the cornerstone of the sector's financial sustainability, and so Colleges will be able to carry forward any surpluses at year end without limit, including for investment in capital assets. Colleges' freedom to carry forward surpluses does not alter existing arrangements for recovering funding due to ineligibility or under-delivery.

#### 3.5.3 Format of the Accounts

The accounts are prepared for the financial year ending 31 July, in the format required by the DfE and in accordance with the provisions of the relevant Companies Act legislation; the latter applying to subsidiary companies.

#### 3.5.4 Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the College and all its material subsidiary undertakings for the financial year.

### 3.6 **ACCOUNTING RETURNS**

The Vice Principal – Finance & Corporate Operations is responsible for ensuring the submission of financial returns and other periodic financial reports to the DfE and other agencies as required. The Vice Principal – Finance & Corporate Operations is also responsible for ensuring that all grants notified by the DfE and other bodies are received.

### 3.7 **ACCOUNTING RECORDS**

The Vice Principal – Finance & Corporate Operations is responsible for the retention of financial documents. These should be kept in a form 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
- a complete record of transactions for each year from the computerised accounting system
- payroll records, including hourly paid lecturers' contracts.

The Vice Principal – Finance & Corporate Operations will make appropriate arrangements for the retention of electronic records.

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

### 3.8 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 following this expenditure, 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 £1,500 or more and the asset has a useful life greater than 12 months.

Grouped items (e.g. a suite of computers) with an individual value of less than £1,500, but a group value of £1,500 or more, will be capitalised.

Capitalised assets will be depreciated over the useful economic life of the asset as defined in financial procedures, commencing in the year of acquisition. Depreciation rates used are appropriate for the useful economic life of the asset. The College uses the following rates.

- |  |          |
|--|----------|
| • New Buildings                        | 50 years |
| • Inherited Buildings                  | 40 years |
| • Building Adaptations                 | 15 years |
| • Computers                            | 3 years  |
| • Equipment                            | 3 years  |
| • Long term equipment / Motor Vehicles | 7 years  |
| • Fixtures & fittings                  | 7 years  |

### 3.9 GOVERNMENT GRANTS

Upon transition to the Financial Reporting Standard 102 (FRS102) the Corporation formally agreed to adopt the Accruals Model for Government Capital Grants and the Performance Model for Government Revenue Grants.

The Vice Principal – Finance & Corporate Operations is responsible for ensuring the correct accounting treatment of Government Grants in line with this policy choice.

### 3.10 PUBLIC ACCESS

Under the terms of the Charities Act 1993, the Corporation 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 Corporation to levy a reasonable fee and this will be charged at the discretion of the Vice Principal –

Finance & Corporate Operations. The College will ensure that the Financial Statements are available online no later than 31<sup>st</sup> January of each preceding year end.

### 3.11 FINANCIAL PROCEDURES

The Vice Principal – Finance & Corporate Operations shall ensure that up to date Financial Procedures for both budget management and financial systems are available to staff to ensure the efficient and effective management of the finance function. The Financial Procedures shall be subject to approval by the Executive Leadership Team.

### 3.12 AUDIT REQUIREMENTS

#### 3.12.1 General

External 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 their control;
- access records belonging to third parties, such as contractors, when required.

The Vice Principal – Finance & Corporate Operations is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

The Audit Committee should review the annual Financial Statements, on the recommendation of the Audit Committee they will be submitted to the Corporation for approval.

#### 3.12.2 External audit

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

Colleges **must** appoint an external auditor to give an opinion on whether their annual accounts present a true and fair view of the College's financial performance and position.

The external auditor **must** also perform the role of reporting accountant and provide a conclusion on regularity in accordance with a separate engagement to the opinion on the annual accounts, the scope of which is set out in the framework and guide for external auditors and reporting accountants of colleges. Since the provisions of the handbook form part of the regularity framework for colleges, the regularity review performed by the reporting accountant will encompass (but will not be limited to) consideration of whether the College has complied with the provisions of the handbook.

The external audit contract and regularity engagement **must** be in writing and **must not** cover other services. If additional services are provided, a separate letter of engagement **must** be obtained specifying the work and the fee.

One of the key roles of the College Audit Committee is the appointment and dismissal of external auditors. The College does not routinely need to notify DfE of a change in external auditor at the expiry of their agreed term in office. However, the Audit Committee **must** notify DfE immediately of the resignation of external auditor's mid-term, or in the rare circumstance where the Corporation removes the external auditors, before the expiry of their term of office. Where auditors have resigned, other than at the end of their agreed term, the Audit Committee **must** copy to DfE an explanation from the auditors. Where the Corporation elects to remove the auditors, the Audit Committee **must** notify DfE of these reasons.

The Audit Committee **must** ensure that there is a policy for regular retendering of the external audit service. The Audit Committee should consider the quality of the audit service required as well as the price. Colleges should ensure that the external audit contract is put out to tender at least every 5 years, though this does not necessarily require a different firm of auditors to be appointed.

In addition, the DfE may 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 DfE 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.

### 3.12.3 Internal audit

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

Colleges **must** have a process in place to deliver a programme of internal review to enable the Audit Committee to discharge its responsibilities, but there is flexibility for Colleges regarding how this is delivered. Having an internal audit service, which may be supplemented by specialists in particular areas, will assist Audit Committee s in ensuring they have effectively discharged their responsibilities.

When a College has chosen not to appoint internal auditors, the Audit Committee **must** explain in its annual report to DfE how it has discharged its responsibilities to oversee a programme of internal review and obtain the necessary assurances concerning internal control and risk. If internal auditors have been appointed, then they should be members of a relevant professional body.

Colleges should note that the Financial Reporting Council's Ethical Standard states that a firm providing external audit to an entity shall not also provide internal audit services to it.

## 3.13 **MANAGING PUBLIC MONEY**

### General

Following the Office for National Statistics (ONS) decision to reclassify colleges into the central government sector, the College, and its subsidiaries are now subject to the framework for financial management set out in the Managing Public Money (MPM) framework documents.

There are now, new requirements, for colleges relating to financial management that require approvals from the Department for Education (DfE), as set out in the "Dear Accounting Officer letter" of 29 November 2022; and subsequently confirmed in the College Financial Handbook.

The College **must** have systems and controls to identify, record, approve and, where required, report to DfE transactions of a certain type. The table below lists the categories of transaction in scope where consent is required above the College delegated authority limits.

### **Summary of freedoms and delegations**

Category	Approvals required	Section of policy / Link to alternative policy
Borrowing	<ul style="list-style-type: none"> <li>• Consent for any amendment to existing borrowing</li> <li>• Consent for any future borrowing</li> </ul>	Treasury Policy
Senior pay controls	<ul style="list-style-type: none"> <li>• Consent required for new appointments where total remuneration is above £174,000</li> <li>• Consent required for existing staff where any adjustments take an individual above £150,000</li> <li>• where current remuneration is at or below £174,000, approval is required when a pay award of <b>over 6%</b> takes it to or above that</li> </ul>	8.1

	figure – approval is not required if a pay increase of <b>up to and including 6%</b> takes the remuneration above £174,000	
Special payments, including severance, compensation and ex gratia payments	<ul style="list-style-type: none"> <li>• Severance payments with non-statutory or non-contractual element of over £50k <b>must</b> be referred to DfE for consent.</li> <li>• DfE agreement required for an exit package which includes a special severance payment that is at, or above, £100,000 and/or the employee earns over £174,000</li> <li>• Compensation payments with non-statutory or non-contractual elements of over £50k <b>must</b> be referred to DfE for consent.</li> <li>• Ex gratia payments <b>must</b> always be referred to DfE for consent.</li> </ul>	7.12 8.6
Debt write-off, indemnities, guarantees and letters of comfort	<ul style="list-style-type: none"> <li>• Consent required for individual items exceeding £45,000 or 1% of income, or</li> <li>• Cumulative amounts exceeding £250,000 or 5% of annual income.</li> </ul>	5.5 7.7
Novel, contentious, and repercussive transactions	<ul style="list-style-type: none"> <li>• Consent for any transactions that may be considered novel, contentious or repercussive.</li> </ul>	7.1
Disposal of assets	<p>The proceeds of disposal <b>must</b> be used for capital reinvestment in further fixed assets and or to: repay loans or any overpayments of DfE grants.</p> <ul style="list-style-type: none"> <li>• Consent is required where the College wishes to use the proceeds for the purposes of avoiding insolvency.</li> </ul>	9.5

## 4 COMPANIES AND COMMERCIAL ACTIVITIES

### 4.1 COMPANIES AND JOINT VENTURES

In certain circumstances it may be advantageous to the College to establish a company to undertake services on its behalf.

The Corporation is responsible for approving the establishment of companies (or joint ventures) and the procedure to be followed in order to do so. The process involved in forming a company and arrangement for monitoring and reporting on the activities of subsidiary undertakings will be in the first instance the responsibility of the Corporation. The Corporation has the power to direct that these matters are considered by any other appropriate committee. If the purpose of any such subsidiary could be deemed to be novel, contentious or repercussive then the acquisition or establishment of such a subsidiary will also require prior DfE approval.

The Corporation will undertake a thorough review of the business plan and any proposed control arrangements for a new company.

The Corporation should ensure that following the establishment of a separate company a formal memorandum of understanding is established between the College and the company, setting out the relationship between the company and the College.

Before any College funds are made available to a Company, the Corporation should ensure that it will receive a satisfactory return, and that the College bears an acceptable level of risk.

DfE funds may be used to purchase goods and services from a company or joint venture, subject to the usual requirements with regard to value for money. However, DfE funds should not be used to fund or subsidise private trading ventures by the College, either through direct transfers or cash or indirect funding or subsidy arrangements such as granting subsidiaries more favourable terms of trade than other customers and providing staff free of charge or at a rate which does not cover the full costs involved.

It is the responsibility of the Corporation to establish the shareholding arrangements. Directors of companies will be appointed in accordance with the articles of the company and in accordance with the guidance issued by the DfE.

The external auditors of the College will also be the external auditors of any companies established by the Corporation, and the financial framework within which the company operates shall be the same as that of the College. The directors of College companies **must** submit the annual accounts to the Corporation. The performance of the company **must** be reported at least annually to the Corporation.

## 4.2 **INTELLECTUAL PROPERTY RIGHTS AND PATENTS**

### 4.2.1 General

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

### 4.2.2 Patents

The Corporation is responsible for establishing procedures to deal with any patents accruing to the College from inventions and discoveries made by staff in the course of their research.

### 4.2.3 Intellectual Property Rights

In the event of the College deciding to become involved in the commercial exploitation of inventions research and registered marks, the matter should then proceed in accordance with the intellectual property procedures issued by the College.

## 5 **INCOME AND BANKING**

### 5.1 **GENERAL**

The Vice Principal – Finance & Corporate Operations 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 or other official documents in use and electronic collection systems **must** have the approval of the Vice Principal – Finance & Corporate Operations.

The Vice Principal – Finance & Corporate Operations is responsible for the prompt collection, security and banking of all income received.

The Vice Principal – Finance & Corporate Operations is responsible for ensuring that all grants notified by the DfE and other bodies are received and appropriately recorded in the College's accounts.

The Vice Principal – Finance & Corporate Operations is responsible for ensuring that all claims for funds, including ad-hoc grants and contracts, are made by the due date.

### 5.2 **APPOINTMENT OF BANKERS**

The Corporation is responsible for the appointment of the College's bankers.

### 5.3 **BANKING ARRANGEMENTS**

The Vice Principal – Finance & Corporate Operations is responsible for, on behalf of the Corporation, liaising with the College's bankers in relation to the College's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Vice Principal – Finance & Corporate Operations who shall make proper arrangements for their safe custody.

No account associated with the College shall be established except with the authorisation of the Principal & CEO and Chair or Vice Chair of the Corporation, other than those defined within the Investment Strategy.

All bank accounts shall be in the name of the College or one of its subsidiary companies.

No other College department, directorate or section shall be empowered to operate a bank account in the name of the College and no cheques or financial instruments made payable to the College shall be endorsed and credited to any other account.

All cheques and automated transfers, such as BACS, CHAPS or Faster Payments, drawn on behalf of the College **must** be approved in the form approved by the Corporation. Details of authorised persons and limits are set out in Schedule 2.

Any changes to the bank mandate **must** be authorised by the Corporation. The Vice Principal – Finance & Corporate Operations is responsible for updating the bank mandate immediately if a signatory leaves the College.

The Vice Principal – Finance & Corporate Operations is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

Where required, overdraft or loan facilities shall be arranged only on the specific direction of the Corporation. MPM dictates that any future borrowing, or amendments to existing borrowings, **must** go through a DfE consent process, as detailed within the Treasury Policy.

### 5.4 **RECEIPTS OF CASH AND OTHER NEGOTIABLE INSTRUMENTS**

The College will aim to avoid and reduce cash transactions wherever possible, instead using PDQ card machines or utilising the College online payment facilities.

The Vice Principal – Finance & Corporate Operations will authorise College departments who can hold cash takings and receive monies on behalf of the College. These departments will have access to till facilities where an official College receipt can be given. Outside of these departments staff should not take cash/cheque payments from students.

All monies received within these College departments, from whatever source, **must** be recorded on a daily basis together with the form in which they were received.

All monies **must** be paid in promptly. The custody and transit of all monies received **must** comply with the requirements of the College's insurers. Staff within these authorised departments have a duty of care to ensure the safe custody of cash and cheques, they should use appropriate safes or lockable cash boxes and shall ensure these are kept in a secure place.

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 or held on behalf of the College.

The College may only receive payments by debit or credit card using systems and procedures approved by the Vice Principal – Finance & Corporate Operations.

## 5.5 THE COLLECTION OF DEBTS

The Vice Principal – Finance & Corporate Operations shall ensure that:

- debtors invoices are raised promptly on official sequentially numbered invoices, in respect of 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 to collect overdue debts in accordance with the protocols noted in the financial procedures;
- outstanding debts are monitored and reports are prepared for management.

Only the Principal & CEO, Vice Principal – Finance & Corporate Operations or Head of Finance can agree instalment arrangements outside of those standard arrangements detailed in the College Fees Policy and indicate the periods in which the invoice **must** be paid.

Vice Principal – Finance & Corporate Operations may authorise the write off of a debt under £1,000 and the Principal & CEO may authorise the write off of a debt not exceeding £10,000. Any debt above £10,000 that becomes doubtful or unlikely to be collected shall be referred to the Chair or Vice Chair of the Corporation for a decision on action to be taken.

DfE consent to a write-off (required in advance) will only be required if the individual loss/write-off exceeds 1% of annual income or £45,000 individually (whichever is smaller), or 5% of annual income cumulatively (subject to a £250k cumulative ceiling).

## 5.6 FEES POLICY

The Principal & CEO shall ensure that there is a policy in place concerning all aspects of fees payable to the College. The Fees Policy will include fee levels, instalments, remission and non-payment. The procedure for collecting tuition and other fees is detailed in the fees policy. The Vice Principal – Finance & Corporate Operations will be responsible for reviewing the policy and ensuring that all student fees due to the College are received.

The Executive Leadership Team will be responsible for determining fee levels.

The Corporation will approve the Fees Policy annually.

The Vice Principal – Finance & Corporate Operations will be responsible for maintaining an accurate auditable record of students attending courses and for making this information available in a form that facilitates collection.

Any student who has not paid an account for fees or any other item owing to the College shall be prevented from re-enrolling at the College and from using any of the College's facilities unless appropriate arrangements have been made.

## 5.7 FUNDING

The Vice Principal – Finance & Corporate Operations is responsible for ensuring that the Executive and Senior Leadership Team and the Corporation receive regular, timely and accurate reporting of key student numbers and funding data.

It is the duty of all staff involved in the enrolment of learners to comply with College procedures, and to ensure the accurate completion of enrolment forms and their timely submission to the MIS Department.

College staff should ensure register completion is timely and accurate and in line with College procedures and follow data protection guidance to ensure the integrity and security of personal data.

## 5.8 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 Vice Principal – Finance & Corporate Operations of sums due so that collection can be initiated.

## 5.9 LEARNER SUPPORT FUNDS AND BURSARIES

The distribution and administration of learner support funds and bursaries will be managed within the College by a nominated panel consisting of the Admissions & Advice Centre Manager, representatives from the Customers Services team, Payments Assistant (LSF) or Senior Payments Assistant from the Finance Department. The panel may also co-opt other College staff if specialist advice or guidance is required.

The panel will be responsible for ensuring the allocation of funds conforms to the requirements of all relevant funding bodies and financial procedures.

A summary of the total amounts disbursed for learner support funds are contained within the Financial Statements produced annually.

## 5.10 OTHER INCOME GENERATING ACTIVITIES

### 5.10.1 Income Generating Activities

All other income-generating activities **must** be self-financing or surplus-generating unless it is intended that a new course or activity is to be launched as a loss leader. If that is the case, the reason for it **must** be specified and agreed during the relevant budget meeting and Budget Controller.

Other income-generating activities organised by members of staff **must** be costed and agreed with the Deputy Principal and Vice Principal – Finance & Corporate Operations before any commitments are made. Provision **must** be made for charging both direct and indirect costs and for the recovery of overheads.

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

### 5.10.2 Subcontracting

Any contract or arrangement whereby the College provides education to students away from College premises, or with the assistance of persons other than the Colleges own staff or with independent contractors (partner organisations), **must** be subject to the following procedure:

- Contracts for Subcontracting shall be approved in advance by the Corporation and will be in line with DfE guidance and limits.
- There shall be a contract signed by the Principal & CEO or Vice Principal – Finance & Corporate Operations and on behalf of any subcontracting organisation that shall comply at least with the DfE model contract (as amended from time to time) and is in place before any provision is made.
- Contracts will not exceed 12 months in any period up to 31 July in any year.
- The impact of the contract(s) shall be subject to scrutiny by the Corporation. The Corporation will receive regular reports on Subcontracting. They shall consider the risk factors associated with the proposed subcontracting and agree an appropriate entry in the College's financial forecast.
- Where the subcontracting would represent a significant departure from the College's strategic plan, the Corporation shall approve the departure, and the Principal & CEO shall seek the views of and inform the DfE.

### 5.10.3 DfE Regulations for Subcontracted provision

When subcontracting, the College **must** comply with;

- the Funding Rules; and
- the Subcontractor Policies; and
- the Funding Higher Risk Organisations and Subcontractors Policy (hereafter referred to as the “Funding Higher Risk Organisations Policy”).

The College **must** select its Subcontractors fairly and without discrimination and **must** comply with any procurement rules that apply when doing so, including the Public Contracts Regulations 2015 (as may be amended from time to time) where the College is a contracting authority under those regulations.

The College **must** ensure that proposed Subcontractors are of adequate financial standing and have sufficient capacity and capability to deliver the Services that are to be subcontracted.

When appointing and working with Subcontractors the College **must** have regard to the section headed ‘Selection and procurement of your subcontractors’ within the Subcontracting Funding Rules in relation to conflicts of interest.

The College **must** have a direct contractual relationship by way of a subcontract with all of its Subcontractors. The College **must** ensure that its Subcontractors do not Subcontract any of the Services further to other suppliers.

The services to be delivered with the Funding provided under this Agreement may only be subcontracted to one level. Accordingly, the College **must** ensure that its Subcontractors do not further Subcontract any of the Subcontractor’s Services to other suppliers.

The College **must not** enter into any agreement for Brokerage in relation to the Services under this Agreement

#### Requirements for Subcontracts

The College **must** enter into a written Subcontract with any supplier that the College is proposing to use as a Subcontractor. The College and the Subcontractor **must** enter into the Subcontract before the Subcontractor commences the delivery of the proposed subcontracted Services.

The Subcontract **must** include:

- terms and conditions substantially the same as those set out in this Agreement, including but not limited to the right for the College to terminate the Subcontract if the Subcontractor does not pass the annual due diligence checks and such other matters as are set out in the section headed ‘Due diligence requirements’ within the Subcontracting Funding Rules;
- where applicable, terms that comply with the requirements of Clause 15.11.2 (Modern Slavery);
- an obligation for the Subcontractor to comply with the Department Policies and Subcontractor Policies;
- where a College is a contracting authority as determined by Procurement Law, provisions that comply with the requirements of such Procurement Law;
- payment provisions such that the College **must** pay the Subcontractor within 30 days of receiving a valid invoice;
- an obligation on the Subcontractor to obtain express written permission from the College before enrolling any Learners;
- an obligation on the Subcontractor to fund and support enrolled Learners for the duration of their Learning Programme;
- an obligation on the Subcontractor to participate in any rectification plan as appropriate in the event that the Subcontractor has committed an act which would constitute a material breach of this Agreement (whether or not it is also a breach of the Subcontract); and

- sanctions on the Subcontractor for material breach of the Subcontract substantially the same as those set out in this Agreement.

Subcontracts **must** be available at all times for the Department to inspect on request.

#### College Obligations

The College **must** make payment to any Subcontractor within 30 days of receiving a valid invoice in accordance with the required provisions of the Subcontract set out at Paragraph 1.8.5.

The College **must** provide a fully completed Subcontractor Declaration via Manage your Education and Skills Funding (MYESF) on at least two occasions per Funding Year by the dates notified to it by the Department. If the College does not have any Subcontractors at the specified date it **must** submit a nil return. If after submission of its most recent Subcontractor declaration the College enters into any Subcontract within the Funding Year, it **must** submit an updated Subcontractor Declaration to the Department.

The College **must** publish a policy statement on its public facing website by 31 October in each Funding Year. The policy statement **must** accord with the provisions of the section headed 'Your policies for subcontracting and fees and charges' within the Subcontracting Funding Rules.

The College **must** manage and monitor its Subcontractors in accordance with the relevant Subcontract to ensure that the Subcontractors deliver the Subcontracted Services to the standard set out in Clause 3 (Service Delivery) of the Accountability Agreement.

The College **must** inform the Department whenever a Subcontractor goes into administration or liquidation.

The College **must** have a contingency plan in place to ensure that there is continuity of Services for existing Learners in the event of any circumstances that may arise that render a Subcontractor unable to deliver the subcontracted Services including but not limited to the expiry or termination of the Subcontract.

The College **must** ensure that a Subcontractor that has committed an act which constitutes a material breach of this Agreement (whether or not it is also a breach of its Subcontract) participates in any rectification plan as appropriate.

The College **must** carry out an investigation at its own cost if there is any evidence of a Subcontractor having irregular financial or delivery activity and notify the Department of this and of the outcome of any such investigation.

The College **must** not enter new Subcontracting arrangements or increase the value of existing arrangements if any of the following circumstances apply:

- Ofsted has rated the College's management and leadership as inadequate;
- the outcome of the College's annual financial health assessment is inadequate, unless the Department has provided its written consent to the proposed Subcontracting arrangement in advance of a Subcontract being entered into;
- a Subcontractor has been inspected and judged to be inadequate by Ofsted; or
- a Subcontractor is subject to ongoing intervention or investigation by the Department.

#### Due Diligence

The College **must** carry out its own due diligence checks when appointing Subcontractors and **must** take account of the criteria set out in the Funding Higher Risk Organisations Policy.

The College **must** ensure it refreshes the due diligence checks on its Subcontracting arrangements on at least an annual basis, including but not limited to reviewing its Subcontracts and the rationale for entering into each Subcontract, any fees and charges involved in the delivery of its subcontracted Services and whether each cost is reasonable and proportionate in accordance with the section headed 'Due diligence requirements' within the Subcontracting Funding Rules.

If a Subcontractor does not pass the due diligence requirements set out at in the section headed 'Due diligence requirements' within the Subcontracting Funding Rules, the College **must** take action in accordance with that section of the Subcontracting Funding Rules.

#### Other points

The College **must** continuously review the size of its subcontracted Services and ensure this does not exceed the Subcontracting Threshold of 25%. The College **must** promptly submit an Exemption Case (as defined in the Subcontracting Funding Rules) if it anticipates that its Subcontracting will exceed the Subcontracting Threshold.

Where the annual value in any Funding Year of the Agreement exceeds £5 million and the College wants to subcontract one or more of the Services, the College will advertise on Contracts Finder all Subcontract opportunities arising from or in connection with the provision of the Services within the Agreement, above a minimum threshold of £25,000, that arise during the Agreement Period.

If the aggregate total of all Subcontractors delivering DfE funded provision on the College's behalf exceeds or is anticipated to exceed £100,000 in any academic year, the College **must** meet the requirements detailed in DfE subcontracting standard. The £100,000 threshold includes Apprenticeships, DfE Adult Skills Fund and 16 to 19 provision subcontracted by the College.

#### 5.10.4 European Social Fund (ESF) and other matched funding

Any such project requires the approval of the Principal & CEO prior to any commitment being entered into. Such approval shall be dependent upon the relevant Budget Controller being able to demonstrate that eligible matching funds are available and that the project is financially viable.

Approved projects shall be the subject of a report by the Principal & CEO to the Corporation which will set out, amongst other things, the potential risks generated by the project.

If the College subcontracts such work to external providers, the relevant Budget Controller shall ensure that:

- it complies with the subcontracting rules as above;
- 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.

## 6 OTHER GRANTS AND CONTRACTS

Where approaches are to be made to outside bodies for support for projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the Budget Controller and Budget Holder to ensure that the financial implications have been appraised by the Vice Principal – Finance & Corporate Operations or Head of Finance. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance. All contracts **must** be agreed by the Principal & CEO or Budget Controller.

Each grant or contract will have a named supervisor or holder and will be assigned to a specific budget holder. Control of pay and non-pay expenditure will be contained within the grant or contract limits.

Budget Holders may delegate day-to-day control of the account to a named member of staff, but any overspend or under-recovery of overheads is the clear responsibility of the budget holder with any loss being a charge on departmental funds.

Many grant-awarding bodies and contracting organisations stipulate conditions under which the funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. Failure to respond to these conditions often means that the College will suffer a significant financial penalty. It is the responsibility of the named budget holder to ensure that conditions of funding are met.

Any loss to the College resulting from a failure to meet conditions of funding is the responsibility of the budget holder and will be charged against departmental funds.

## 7 EXPENDITURE

### 7.1 GENERAL

The Vice Principal – Finance & Corporate Operations is responsible for ensuring appropriate arrangements for making payments to suppliers of goods and services to the College.

Although responsibility for expenditure has been delegated by the treasury, there is an important category which has not been delegated. It is transactions which set precedents, **are novel, contentious or could cause repercussions elsewhere in the public sector**. Treasury consent to such transactions should always be obtained before proceeding, even if the amounts in question lie within the delegated limits. Novel transactions are those of which College has no experience or are outside its range of normal business. Contentious transactions are those that might cause criticism of Corporation by Parliament, the public or the media. Repercussive transactions are those likely to cause pressure on other colleges or other parts of the public sector to take a similar approach and hence have wider financial implications.

Examples of transactions requiring explicit Treasury consent:

- extra statutory payments similar to but outside statutory schemes
- ephemeral ex gratia payment schemes, e.g. payments to compensate for official errors
- special severance payments, e.g. compromise agreements in excess of contractual commitments
- non-standard payments in kind
- unusual financial transactions, e.g. imposing lasting commitments or using tax avoidance
- unusual schemes or policies using novel techniques

Transactions by colleges or their subsidiaries that may be considered novel, contentious and/or repercussive **must** always be referred to DfE for prior approval. If supported, DfE will refer to HMT for final consent.

### 7.2 AUTHORITIES

The Budget Holder is responsible for purchases up to £1,000 in their department, purchases in excess of this amount and up to £5,000 **must** be approved by the budget controller. This will usually be the SLT lead, however where the budget holder reports to an ELT lead or is a SLT member, ELT will also approve.

The Deputy Principal or Vice Principal – Finance & Corporate Operations will in addition approve expenditure between £5,000 and £50,000 as detailed in Schedule 1.

The Principal & CEO will in addition approve expenditure over £50,000 as detailed in schedule 1.

Purchasing authority may be delegated by the budget holder to named individuals within their department. In exercising this delegated authority, budget holders are required to observe the purchasing policy and financial procedures.

The Vice Principal – Finance & Corporate Operations shall maintain a register of authorised signatories and specimen signatures of those approving transactions for any remaining paper systems where online systems are not yet used or in place. The Vice Principal – Finance & Corporate Operations **must** be notified immediately of any changes to the authorities to commit expenditure.

Budget Holders (or those designated with purchasing authority) are not authorised to commit the College to expenditure without first reserving sufficient funds to meet the full purchase cost.

The member of staff authorising the invoice for payment **must** be different from the member of staff responsible for approving the purchase order, to ensure adequate separation of duties in all College transactions.

### 7.3 PETTY CASH

Where a single item is for less than £30 and it cannot be purchased using a GPC card, it may be reimbursed from the petty cash floats held on each campus. It **must** be supported by a receipt attached to a College petty cash voucher. Petty cash purchases should not be used to circumvent the normal purchasing process for supplies and services.

The Vice Principal – Finance & Corporate Operations may establish such imprests as are considered necessary for the disbursement of petty cash expenses within departments. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.

Requisitions for reimbursement of floats **must** be presented to the Finance Office, 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 safe keeping. 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 Finance Department.

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 counter signed by the Budget Holder or Budget Controller.

### 7.4 PROCUREMENT

As a public sector entity bound by the requirements of public sector procurement, the College **must** be able to show that public funds have been used as intended by Parliament when sourcing goods and services. This means that steps **must** be taken to ensure that the letting of any contract follows due process, and that appropriate contract monitoring is in place, once a contract has been awarded. This includes when DfE-funded delivery is subcontracted to a third party. Colleges are accountable for all funded delivery, whether that is delivered directly or through a subcontractor.

#### Procurement basics

The College **must** ensure that:

- spending has been for the purpose intended
- there is propriety in the use of College funds
- spending decisions represent value for money
- internal delegation levels exist and are applied
- a competitive tendering policy is in place and applied, and the procurement rules and thresholds in the Procurement Act 2023 and Find a Tender service are observed
- there are appropriate due diligence arrangements
- there is proper monitoring and assurance when the delivery of learning is subcontracted to a third party
- professional advice is obtained when appropriate
- To achieve these ends, Corporation will approve a Procurement Policy and keeping it under regular review.

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. Budget holders should have regard to value for money in the purchase of all items. They are responsible for ensuring the purchase is necessary and that the cost can be met from within their budget. Deliberate miscoding of expenditure to another budget holders' budget is not allowed.

The Vice Principal – Finance & Corporate Operations is responsible for:

- ensuring that the College's Purchasing Policy is known and observed by all involved in purchasing for the College;
- advising on matters of College 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;
- vetting all orders before they leave the College;
- assisting in the drafting and negotiation of all large-scale purchase contracts (generally in excess of £50,000) undertaken by the College, in collaboration with the responsible department and Procurement Officer;
- ensuring College compliance with UK Procurement Directives and Legislation on public purchasing policy.

## 7.5 PURCHASE ORDERS

The ordering of goods and services shall be in accordance with the College's detailed financial procedures and purchasing policy.

Official system generated College Purchase Orders **must** be used for the purchase of all goods or services, except for such items as exam fees and rates or any other exceptions as agreed by the Vice Principal – Finance & Corporate Operations. Petty cash transactions and purchasing card transactions do not generally require a purchase order.

Confirmation orders may only be used in exceptional circumstances and only with the express prior approval of the Principal & CEO or Vice Principal – Finance & Corporate Operations.

Where the purchasing requirement concerns an immediate and serious matter of health and safety and a delay in obtaining goods or services could put a member of College staff or the public in danger or leave the College liable to litigation, the Facilities Operations Manager is authorised to place a verbal order, to be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.

Orders may only be placed by persons approved to do so and **must** be fully authorised, before goods or services are obtained. Budget Holders and Budget Controllers **must** notify the Vice Principal – Finance & Corporate Operations of any persons with delegated authority for ordering and the limitation of such authority.

Disaggregation of orders to allow authorisation at a lower level is strictly prohibited.

Each order **must** clearly indicate the nature, quantity and dates (where applicable) of the supply or service. The estimated price including discounts and VAT **must** also be shown.

Official orders shall not be raised for any personal or private purchases, nor shall personal or private use be made of College contracts.

All contracts or orders entered into on behalf of the College **must** be authorised as specified in Schedule 1 of these Regulations.

When transferring goods or services between cost centres/departments, this **must** be notified to the finance department via email. No transfer will be actioned without the agreement of all parties concerned.

## 7.6 PURCHASING – TENDERS AND QUOTATIONS

### 7.6.1 Limits and Requirements

Budget Holders and Budget Controllers **must** comply with the College's tendering procedures contained in the College's purchasing policy, which are applicable as follows:

Value of Purchase	Requirement
Up to £5,000	The budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money <b>must</b> always be obtained.
£5,000 - £29,999	The budget holder shall be required to obtain at least 3 quotations, including one from an approved purchasing consortia (if a consortia is able to supply the required goods or service).
£30,000 to £99,999	All items require a competitive tender which <b>must</b> be published on the government “contracts finder” online portal. Unless purchasing from an approved framework agreement, where this is not required. Tenders <b>must</b> be considered at the meeting of a Tender Committee comprising two of the Principal & CEO, VP-F&CO, Head of Finance and the Budget Holder responsible for the purchase will also attend.
Above £100,000	All items will require competitive tenders.  Tenders <b>must</b> be considered at the meeting of a Tender Committee. The Chair or Vice Chair of the Corporation <b>must</b> be made aware of such a meeting and may at their discretion, attend or delegate such a role to member of the Corporation. Minutes of decisions agreed should be provided to the next Corporation meeting.
Above £500,000	All items will require competitive tenders.  Commitments <b>must</b> be approved by Corporation in addition to the Tender Committee.

Where purchases are made via an approved purchasing consortium CPC (Crescent Purchasing Consortium), ESPO (Eastern Shires Purchasing Organisation) and Crown Commercial Service (Government Procurement Services), full tendering procedures, do not need to be undertaken providing the supplier has already been subjected to competitive tender for the goods or service required by the consortium concerned.

The decision to accept a tender should be taken with due consideration given to both the tender price and the quality of service offered. Where the lowest tender has not been accepted the reason for the decision should be noted within any tender committee report.

The main points concerning tendering are contained in schedule 2.

On occasion the College may need the assistance of a third party to advise on or conduct the tender process on its behalf. In such an instance a departure from the financial regulations will be permitted with the approval and consent of the Vice Principal – Finance & Corporate Operations who will ensure that the third party can demonstrate the probity of their tendering procedures match or exceed those of the College.

In exceptional circumstances the College may wish to allow a single tender action. In such instances a departure from the financial regulations and procedures will only be permitted with the specific approval and consent of the Corporation to ensure that the single tender option represents best value.

All requests for single tender action will be presented to the Corporation for approval and **must** demonstrate that the option represents best value to the College, including verification by an independent expert. In addition, the Corporation **must** be assured that there are no personal conflicts of interest regarding the proposed transaction.

The Vice Principal – Finance & Corporate Operations will maintain a register of tenders to record all supplies and services tendered by the College.

#### 7.6.2 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:

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

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

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

All post-tender negotiations should be reported to the Corporation through any tender committee reports.

#### 7.6.3 The Procurement Act 2023

The Vice Principal – Finance & Corporate Operations is responsible for ensuring the College complies with its legal obligations concerning The Procurement Act 2023.

The Vice Principal – Finance & Corporate Operations will advise Budget Holders and Budget Controllers on the thresholds that are currently in operation. These are detailed in Financial Procedures section 4.4. A breach of The Procurement Act 2023 is potentially actionable by a supplier or potential supplier.

It is the responsibility of Budget Holders and Budget Controllers to ensure that their members of staff comply with The Procurement Act 2023 by notifying the Vice Principal – Finance & Corporate Operations of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit adequate time for any procurement processes to be completed.

The Vice Principal – Finance & Corporate Operations is required to annually report details on expenditure that exceeds the threshold. All Budget Holders **must** provide copies of the relevant documentation falling into this category to the Vice Principal – Finance & Corporate Operations.

### 7.7 **CONTRACTS**

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

Before entering into a contract the Vice Principal – Finance & Corporate Operations shall ensure that proper advice is obtained where necessary concerning the contents of the contract so that the interests of the College are protected in the event of non-performance or shortfall of performance on the part of the contractor.

All contracts entered **must** be authorised as specified in Schedule 1 of these Regulations with a copy of the approved contract submitted to the Finance Departments for electronic filing.

Proposals will normally be initiated by the Facilities Operations Manager or Head of Virtual & Physical Estate in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments.

Major building contracts will be reviewed by the Corporation and are administered by the Vice Principal – Finance & Corporate Operations and Facilities Operations Manager.

Consultants may be appointed if the project, as determined by the Corporation, is too large or too specialised for Estates Department resources. Appointments shall be subject to tendering and other procedures where appropriate.

Capital project proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Vice Principal – Finance & Corporate Operations as appropriate for Corporation consideration and approval by Corporation. Investment appraisals should comply with appropriate funding agency guidance.

Following consideration by the appropriate committee if applicable and approval by the Corporation, capital 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.

Conditions of contract for the purchase of goods will be followed as described in the College's detailed Financial Procedures. The achievement of value for money will be an objective in the letting of all contracts.

Central government bodies should not be entering into liabilities without explicit parliamentary authority, other than those arising in the normal course of business. It is recognised that many commercial contracts will, in the normal course of business, include indemnity clauses; these will not be restricted and DfE consent will not be required.

- Beyond this, DfE consent will be required in respect of indemnities beyond the normal course of business, guarantees and letters of comfort in excess of:
- 1% of annual income or £45k (whichever is smaller); or
- 5% of annual income cumulatively (subject to a cumulative ceiling of £250k).

## 7.8 PAYMENT OF INVOICES

The procedures for making all payments shall be in a form specified by the Vice Principal – Finance & Corporate Operations.

Payments to UK suppliers will normally be made weekly by BACS transfer. In exceptional circumstances the Head of Finance will arrange Faster Payments for urgent payments or cheque payments where bank details cannot be obtained.

Budget Holders and Budget Controllers 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 Finance Department, invoices should not be sent to any other College department. Invoices will be scanned by the finance department on receipt and electronic images made available to the relevant department for electronic authorisation.

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

Payments will only be made by the Head of Finance against invoices that have been certified for payment by the appropriate originator or nominated representative.

Certification of an invoice will confirm that:

- the goods have been received, examined and approved with regard to quality and quantity, or that service 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;

- the appropriate cost code is quoted; this **must** be one of the cost codes included in the budget holder's areas of responsibility and **must** correspond with the types of goods or service described on the invoice. Occasionally, the Examinations and Timetabling Manager may code exam related invoices to other departments are part of their Cross College examinations responsibility.

## 7.9 LATE PAYMENT RULES

The UK has, for some time, been working to promote a culture of prompt payment and has, since 1998, had late payment legislation in place, with the aim of strengthening current legislation and elimination late payment culture in all commercial transactions across the UK. The Directive has been based on UK legislation:

- Late Payments of Commercial Debt (Interest) Act 1998;
- Late Payment of Commercial Debts Regulations 2002;
- Late Payment of Commercial Debts Regulations 2013; and
- Late Payment of Commercial Debts (Amendment) Regulations 2018

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 reference rate (either 31st Dec or 30th June) of the Bank of England;
- Suppliers able to claim a fixed amount in compensation;
- the Act also applies to overseas organisations;
- 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.

## 7.10 GOVERNMENT PROCUREMENT CARDS (GPC)

Where appropriate, the Vice Principal – Finance & Corporate Operations or Head of Finance may approve the issuing of Government Procurement Cards (GPC) to staff. Such cards shall be used for the payment of valid business expenses only and should be within any budgetary limits, the misuse of such cards shall be grounds for disciplinary action. The Vice Principal – Finance & Corporate Operations will be responsible for setting in place a system to monitor the use of such credit cards and account for expenses charged through them.

## 7.11 PROJECT ADVANCES

The Vice Principal – Finance & Corporate Operations, on the advice of the relevant Budget Holder or Budget Controller, may approve cash advances for projects, trips or visits 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 invoice payment or a GPC 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, a final account **must** be prepared within two weeks 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.

## 7.12 COMPENSATION & EX GRATIA PAYMENTS

### Compensation payments

Compensation payments provide redress for loss or injury, for example personal injuries, traffic accidents or damage to property, and are unlikely to arise in the context of leaving employment. If a College is

considering a compensation payment, it **must** base its decision on a careful appraisal, including legal advice where relevant, and ensure value for money.

Colleges have delegated authority to approve individual compensation payments, provided any non-statutory or non-contractual element is under £50,000. Where the College is considering a non-statutory or non-contractual payment of £50,000 or more, DfE's prior approval **must** be obtained.

Colleges should consider whether cases reveal concerns about the effectiveness of internal control systems and take steps to correct failings.

### **Other types of special payments including ex-gratia**

Other types of special payment which go beyond statutory or contractual cover, or administrative rules, include ex-gratia, extra-statutory, extra-contractual and extra-regulatory payments. Such payments are essentially voluntary and are sometimes made as a gesture of good will rather than from any formal obligation. Annex 4.13 of Managing Public Money provides examples including, in the case of ex-gratia, payments to meet hardship caused by official failure or delay, and to avoid legal action due to official inadequacy.

These other types of special payments **must** always be referred to DfE for prior approval, irrespective of the amount. If the College is in doubt about a proposed transaction, they should seek DfE advice.

## **8. SALARIES, WAGES AND OTHER**

### **8.1 GENERAL**

All College staff will be appointed to the salary scales approved by the Corporation and in accordance with appropriate conditions of service.

All appointments and variations in conditions of service, with the exception of senior post-holders, shall be authorised by a senior post-holder.

The Corporation shall approve the appointment of senior post-holders and the Governance Professional, and variations in conditions of service and salaries. However, reclassification means that **Senior Pay Controls** fall within the scope of HMT's Senior Pay Controls guidance. College will be required to submit a single form for each clearance request. The application will be subject to approval from DfE and HMT.

Consent is required:

- For new appointments with proposed remuneration **above £174,000**, or the pro rata equivalent for part-time staff or performance-related pay **above £25,000**, approval is required before the post is advertised. For existing staff, approval **must** be sought in relation to any adjustment of total remuneration or terms and conditions which takes an individual above the defined threshold.
- For existing appointments:
  - Where remuneration already exceeds £174,000, approval is required for any pay award above 6%, through the Senior Pay Controls application process, before the pay increase is confirmed
  - Where current remuneration is at or below £174,000, approval is required when a pay award of over 6% takes it to or above that figure – approval is not required if a pay increase of up to and including 6% takes the remuneration above £174,000.

### **8.2 APPOINTMENT OF STAFF**

All contracts of service shall be concluded in accordance with the College's approved human resource practices and procedures

All offers of employment with the College shall be made in writing by a senior post-holder, with the exception of senior post-holders and the Governance Professional where offers of appointment will be made by the Chair on behalf of the Corporation.

Budget Holders and Budget Controllers shall ensure that the Finance Department and the Human Resources Department are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

Permanent staff will only be appointed to those positions for which financial provision has been made in the College budget. The College may also appoint temporary staff where budgetary provision is available to meet the fixed term cost of this appointment.

All recruitment proposals should be recorded and approved via the online recruitment request and **must** be authorised by the Principal & CEO before any temporary or permanent recruitment can occur.

### 8.3 SALARIES AND WAGES

The Vice Principal – Finance & Corporate Operations is responsible for ensuring correct payments of salaries and wages to all staff including payments for overtime or services rendered. All time sheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or invigilators, will be in a form prescribed or approved by the Vice Principal – Finance & Corporate Operations.

The Head of Human Resources will be responsible for keeping the Vice Principal – Finance & Corporate Operations informed of all matters relating to personnel for payroll purposes.

In particular these include:

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

The Vice Principal – Finance & Corporate Operations is responsible for ensuring correct payment to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees of the College will be included on the payroll.

The Vice Principal – Finance & Corporate Operations shall be responsible for ensuring that all records relating to payroll, including those of a statutory nature, are properly kept.

All payments **must** be made in accordance with the College's detailed payroll Financial Procedures and comply with HM Revenue and Customs regulations.

### 8.4 SUPERANNUATION SCHEMES

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

The Vice Principal – Finance & Corporate Operations is responsible for day-to-day superannuation matters including:

- paying of contributions to various authorised pension schemes;
- preparing the annual return to various pension schemes;
- auto enrolment procedures.

The Head of Human Resources is responsible for administering eligibility to pension arrangements and for informing the Vice Principal – Finance & Corporate Operations when deductions should begin or cease for staff.

## 8.5 TRAVEL, SUBSISTENCE AND OTHER ALLOWANCES

All claims for payment of subsistence allowances, travelling and incidental expenses shall be reimbursed in accordance with the College Policy for the Payment of Expenses for Staff and Governors.

Claims by members of staff **must** be authorised by their Budget Holder or Budget Controller when the claimant is a Budget Holder. This certification shall be taken to mean that:

- the journeys were authorised;
- the expenses were properly and necessarily incurred;
- the allowances are properly payable by the College;
- the employee has, and is able to, evidence a valid driving license, business use insurance and a current MOT certificate;
- consideration has been given to value for money in choosing the mode of transport.

When the HR Portal is completed, claims may be approved within the system by the line manager as per the HR hierarchy. Budget holders will receive details of all transactions through monthly reporting and Management Accounts.

The Chair shall approve arrangements for travel by the Principal & CEO or members of the Corporation; the Governance Professional will certify claims for members. The Governance Professional shall approve arrangements for travel by the Chair, including the authorisation of claims.

College staff or Governors undertaking approved journeys using rail travel may be issued an online confirmation by the Head of Finance to cover the purchase of an appropriate rail ticket. Request for rail tickets **must** be accompanied by an authorised request form and will only be issued for official College travel.

All arrangements for overseas travel **must** be approved by the Principal & CEO in advance of committing the College to those arrangements or confirmation of any travel bookings. The Chair shall approve arrangements for overseas travel by the Principal & CEO or members of the Corporation. The Governance Professional shall approve arrangements for travel by the Chair.

## 8.6 SEVERANCE AND OTHER NON-RECURRING PAYMENTS

Special staff severance payments are paid to employees when leaving employment in public service, whether they resign, retire, are dismissed or reach an agreed termination of employment. They are different to ex gratia and compensation payments which tend to arise in circumstances other than leaving employment.

If the College is considering a staff severance payment above statutory or contractual entitlements, it **must** consider the following issues before making a binding commitment.

### **Consider whether the special staff severance payment is appropriate**

A severance payment may not always be the right approach. For example, severance payments should not be made to staff with poor performance or in cases of misconduct, as such cases may give rise to an impression of 'rewards for failure'. DfE and HM Treasury are unlikely to approve such payments. Any payments should always be in the interest of the College, but especially in the interest of the learners.

### **Take and document legal and HR advice**

Appraise any course of action with the associated costs and the likelihood of successfully defending the case at tribunal or through arbitration. If there is a good chance of the college successfully defending any claim, the College **must** demonstrate why this route is not being proposed and, instead, a payment to the employee is being recommended. If there is a significant prospect of losing the case, a settlement may be

justified, especially if the costs of a defence are likely to be high. However, where a legal assessment suggests the College is likely to be successful, a settlement should not be offered.

### **Clearly document the management and approval process**

This **must** take account of the College's own internal processes and employment law.

### **Consider the appropriate level of payment**

Following any legal advice, can a change from the settlement value be justified? A severance payment is made from the public purse and therefore value for money **must** be demonstrated.

### **Ensure you can support any non-financial considerations with evidence**

For example, that learner performance is being negatively impacted.

Where the College is considering a staff severance payment including a non-statutory or non-contractual element of £50,000 or more (gross, before income tax or other deductions), DfE's approval **must** be obtained before making any binding offer to staff.

The College should demonstrate value for money by applying the same scrutiny to a payment under £50,000 as those over this limit, and have a justified business case. Settlements **must** not be accepted unless they satisfy the conditions in this handbook.

Additionally, in accordance with HM Treasury's Guidance on Public Sector Exit Payments, Colleges **must** obtain prior DfE approval before making a special staff severance payment where any of the following apply

- an exit package of £100,000 or above includes a special severance payment
- the employee earns over £174,000
- a payment is novel, contentious or repercussive

This information along with any records of decisions and justifications will be kept on the employees file.

Corporation approval and reporting in respect of restructuring will be as follows:-

- Restructure programmes (or a series of programmes) involving 4 or more individuals, and anticipated restructure costs (including redundancy and PILON) of more than £100,000 but less than £500,000 are reported to Corporation for note.
- Restructure programmes (or a series of programmes) involving 20 or more individuals, and anticipated restructure costs (including redundancy and PILON) of £500,000 or more are presented to Corporation for approval.
- Where any individual involved in the restructure would be eligible for a payment of £30,000 or above as a result of either voluntary or compulsory redundancy that this cost is reported to Corporation for approval.
- Where any individual involved in the restructure would require a LGPS payment of £5,000 or above, as a result of either voluntary or compulsory redundancy, that this additional cost is reported to Corporation for approval.

All such payments shall be authorised by the Principal & CEO and Chair and calculations checked by the Payroll Supervisor, the Head of Human Resources and the Vice Principal – Finance & Corporate Operations.

Amounts paid should be declared in the Financial Statements, as per the College Accounts Direction, and will be reported to the Corporation in the Annual HR Report.

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

## 8.7 PRIVATE CONSULTANCIES AND OTHER PAID WORK

The regulations governing private work undertaken by College staff are set out in conditions of service and contracts of employment. 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 & CEO;
- applications for permission to undertake work, as a purely private activity **must** be submitted to the Principal & CEO, 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)
  - an undertaking that the work will not interfere with the teaching and normal collegial duties of the member(s) of staff concerned unless otherwise stated in a full-time member of staff's contract.

## 8.8 CODE OF CONDUCT

### 8.8.1 General

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 for 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 below. In addition, the College expects that staff at all levels will observe its code of conduct, which covers:

- probity and propriety;
- selflessness, objectivity and honesty;
- relationships.

The College expects that staff will act in the best interests of the College and observe the College's code of conduct which reflects the seven principles of public life

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

Additionally, members of the Corporation, senior post-holders and those involved in procurement are required to disclose interests in the College's Register of Interests maintained by the Governance Professional Governance Professional. 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.

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

### 8.8.2 Receiving gifts or hospitality

Colleges **must** have a policy and register covering the acceptance of gifts, hospitality, awards, prizes or other benefits that might compromise their judgment or integrity and should ensure all staff are aware of the requirements. As a charity, there are limited circumstances in which a College can make gifts which are not in direct furtherance of its charitable purposes. When making any such gifts, the College **must** ensure the value is modest, is within its financial regulations and scheme of financial delegation, the decision is documented, and achieves propriety and regularity in the use of public funds. If the College is contemplating making a gift to a member of staff, then it should consider potential tax implications. If a College intends to make a gift to a governor, it **must** comply with the guidance set out in the Charity Commission publication.

It is an offence under the Prevention of Corruption Act 1906 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 normally accept any gifts other than items of very small intrinsic value (e.g. business diaries, calendars, telephone pads etc), 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 Governance Professional Governance Professional or the Vice Principal – Finance & Corporate Operations. Guidance on acceptable hospitality is contained in the detailed Financial Procedures.

For the protection of those involved, the Executive Office will maintain a register of all gifts and hospitality received. Members of staff in receipt of such gifts or hospitality are obliged to notify the Executive Office immediately.

### 8.8.3 Bribery

The Bribery Act 2010 came into effect on 1 July 2011. The Act contains two general offences covering;

- "active bribery" (offering or giving a bribe); and
- "passive bribery" (requesting or accepting a bribe).

Corporate hospitality will be caught by the Act if it is intended by the provider or the recipient to bring about "improper performance".

The College Anti-Bribery Policy provides direction to staff who encounter suspected cases of bribery.

### 8.8.4 Fraud and Corruption

It is the duty of all members of staff, management and the Corporation to notify the Vice Principal – Finance & Corporate Operations or Principal & CEO immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

The Principal & CEO shall immediately invoke the Fraud Response Plan, which incorporates the following key elements:

If the suspected fraud is thought to involve the Governance Professional Governance Professional and/or the Principal & CEO, the Vice Principal – Finance & Corporate Operations shall notify the Chair direct of their concerns regarding irregularities.

Please refer to the Fraud Policy and Response Plan for further guidance.

## **8.9 DETERMINATION OF EMPLOYMENT STATUS**

On occasion the College may wish to procure academic and/or business support services from individuals who are not at that point in time employees of the College. In these cases, the College shall determine the status of these providers as to whether or not they are self-employed and eligible to be paid without deduction or if they are to be treated as employees of the College and accordingly suffer statutory deductions from their earnings.

Classification as self-employed may only be approved following consultation with the Vice Principal – Finance & Corporate Operations or Head of Finance and with the approval of HMRC.

## **9 ASSETS**

### **9.1 LAND, BUILDINGS, FIXED PLANT AND MACHINERY**

The commitment to purchase, lease or rent of land or buildings or fixed assets 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. Members of the College or Corporation shall not enter into any formal negotiations until such authority is given.

Legal documents relating to the purchase, lease rent or hire of land or buildings will be signed by the Principal & CEO, unless under the Corporation seal when they will be sealed by the Governance Professional and authenticated by the signature of the Chair or Vice Chair together with any other member of the Corporation.

Original copies of legal documents shall be deposited with the College's bank.

### **9.2 FIXED ASSET REGISTER**

The Vice Principal – Finance & Corporate Operations is responsible for maintaining the College's register of land and buildings, owned, leased or rented by the College, which records the full details of the Colleges interest and the terms and conditions under which each asset is held.

The Vice Principal – Finance & Corporate Operations is responsible for maintaining the Fixed Asset Register for land, buildings, fixed plant and machinery. This will include all assets with a value in excess of £1,500 and a life of over 12 months. Budget Holders and Budget Controllers will provide the Vice Principal – Finance & Corporate Operations with any information he or she may need to maintain the register.

### **9.3 STOCKS AND STORES**

Budget Holders and Budget Controllers are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments, including the security of keys. The systems used for stores accounting in departments **must** have the approval of the Vice Principal – Finance & Corporate Operations.

Budget Holders and Budget Controllers 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 and health and safety checks. There shall be a physical check covering all items in stores at least once a year.

Those Budget Holders and Budget Controllers whose stocks require valuation in the balance sheet **must** ensure that the stocktaking procedures in place have the approval of the Vice Principal – Finance & Corporate Operations and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the College's detailed Financial Procedures

#### 9.4 INVENTORIES

Budget Holders and Budget Controllers are responsible for maintaining inventories, in a form prescribed by the Vice Principal – Finance & Corporate Operations, for all plant, equipment, furniture and stores in their departments with a value in excess of £100. The inventory **must** include items donated or held on trust.

Inventories **must** be checked by departments at least annually as described in the College's detailed financial procedures. An annual inventory return will be made to the Finance Department on 31 July each year. Any irregularities **must** be reported to the Vice Principal – Finance & Corporate Operations.

When transferring any items between departments, a transfer record **must** be kept, and the inventories amended accordingly.

Items may only be removed from the inventory on disposal and in accordance with approved procedures. Staff should not unnecessarily retain items for which they no longer have a regular use.

#### 9.5 ASSET DISPOSAL

Disposal of assets including equipment and furniture **must** be in accordance with procedures approved by the Corporation and contained in the College's detailed financial procedures. No assets may be disposed of without the authority of the Principal & CEO.

Disposal of land and buildings **must** only take place with the authorisation of the Corporation. Funding body consent may also be required if exchequer funds were involved in the acquisition of the asset.

In the case of moveable fixed assets (i.e., non land and buildings such as vehicles, IT kit, etc.) the College **must** consider:

- Whether the asset or assets concerned may have been acquired with the assistance of a grant or donation from a third party, including (but not limited to) DfE and whether the conditions of any such grant or donation set terms relating to the disposal or the use of proceeds of disposal.
- Whether there are plans in place to ensure that:
- Investment in moveable fixed assets is sufficient to ensure the ongoing ability of the College to deliver appropriate provision for learners is not depleted; and
- moveable fixed assets can be replaced and/or upgraded when they reach the end of their economic life, if required.

Subject to the above, College may apply the proceeds of disposal (if any) at its own discretion.

In the case of land and buildings (whether freehold or leasehold), the proceeds of disposal **must** be used for capital reinvestment in further fixed assets and/or to:

- repay loans, to DfE and to banks
- repay any overpayments of DfE grants, or satisfy grant conditions where a repayment to DfE is due (for example overage)
- exceptionally, provide working capital for Colleges to avoid the risk of insolvency.

If College wishes to use the proceeds from the disposal of land and buildings for the purposes of avoiding insolvency (for example, to fund a restructuring programme) then it **must** first seek the approval of DfE.

#### **9.6 PERSONAL USE/HIRE**

Assets owned or leased by the College shall not be subject to personal use without proper authorisation.

The College hires rooms in line with the Room Hire Policy.

#### **9.7 SAFEGUARDING ASSETS**

Budget Holders and Budget Controllers are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the Vice Principal – Finance & Corporate Operations 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.

#### **9.8 SECURITY**

Keys to safes or other similar containers are to be carried on the person of those responsible or held in a safe or key safe at all times. The loss of such keys **must** be reported to Vice Principal – Finance & Corporate Operations immediately.

All staff have a responsibility to exercise a duty of care over the property of the College at all times and have a responsibility to lock office and classroom doors when not in use, no matter how short the period of time, and to ensure all windows are closed and secured. The College will not in any circumstance, accept responsibility for the loss of any personal possessions, which are stolen, from College premises.

As far as is practicable all moveable College property shall be clearly marked as such.

The Head of Virtual & Physical Estate 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 Regulations 2018. The Data Protection Officer shall be nominated to ensure compliance with the Act and the safety of documents.

The Information Commissioners Office (ICO) has the power to implement large fines for those who fail to follow data protection guidelines. Staff may not store personal data on laptops (or other similar devices) to ensure the security of this data and to prevent against loss or misuse.

Individual members of staff are responsible for ensuring the security of their passwords in order to prevent unauthorised access to College computer systems.

The Vice Principal – Finance & Corporate Operations 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 Vice Principal – Finance & Corporate Operations.

All such documents shall be deposited with the College bank or held in an appropriately secure, fireproof (wherever possible), location and copies held at a separate location.

#### **9.9 TREASURY MANAGEMENT**

The Corporation is responsible for approving a Treasury Management Policy Statement setting out a strategy and policies for cash management, long term investments and borrowings.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Vice Principal – Finance & Corporate Operations and an appropriate reporting

system set up. All borrowing shall be undertaken in the name of the College and shall conform to any relevant DfE requirements. The Vice Principal – Finance & Corporate Operations their staff are required to act in accordance with CIPFA's statement of best practice.

The Vice Principal – Finance & Corporate Operations will report to the Corporation within the KPI report the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

## 10 OTHER

### 10.1 RISK MANAGEMENT

The College **must** manage risks to ensure its effective operation and **must** maintain a risk register. Overall responsibility for risk management, including ultimate oversight of the risk register, **must** be retained by Governors, drawing on advice provided to it by the Audit Committee. However, other committees may also input into the management of risk, at the discretion of Corporation. Aside from any review by individual committees, Corporation itself should review the risk register frequently and **must** conduct a full review at least annually. Corporation **must** have ownership of risk management in respect of all entities in the College group, drawing upon appropriate advice, including that of the Audit Committee.

The College's risk management should cover the full operations and activities of the college, not only financial risks. The management of risks **must** include contingency and business continuity planning. Colleges should also consider any risks associated with delivery of funded provision through a subcontracting arrangement, and whether adequate and regular contract monitoring is in place to mitigate such risks.

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. Guidance on the level of risk considered to be acceptable/unacceptable by the College is set out in a separate Risk Management Policy.

The Corporation 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.

In line with this policy, the Corporation requires that the risk management strategy 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;
- a decision on the level of risk to be covered by insurance (see 10.2);
- detailed regular review at directorate 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;
- an annual review of the implementation of risk management arrangements.

Budget Holders and Budget Controllers **must** ensure that any agreements negotiated within their directorate or departments with external bodies cover any legal liabilities to which the College may be exposed. The Vice Principal – Finance & Corporate Operations advice should be sought to ensure that this is the case.

### 10.2 INSURANCE

The College **must** have adequate insurance cover in compliance with its statutory and contractual obligations, including that required by its accountability agreement with DfE.

The Vice Principal – Finance & Corporate Operations 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 Corporation prior to renewal.

The Head of Finance is responsible for effecting insurance cover as determined by the Corporation. They are also responsible for obtaining quotes, negotiating claims and maintaining the necessary records.

The Head of Finance will keep a register of all insurances effected by the College and the property and risks covered. They will also deal with the College's insurers and advisers about specific insurance problems.

Budget Holders and Budget Controllers **must** ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The Vice Principal – Finance & Corporate Operations or Head of Finance advice should be sought to ensure that this is the case.

Budget Holders and Budget Controllers **must** give prompt notification to the Vice Principal – Finance & Corporate Operations of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. All staff **must** advise the Principal & CEO, Vice Principal – Finance & Corporate Operations or Head of Finance immediately of any event that may give rise to an insurance claim. The Vice Principal – Finance & Corporate Operations or Head of Finance will notify the College's insurers and, if appropriate, prepare a claim in conjunction with the Budget Holder and Budget Controller for transmission to the insurers.

The Facilities Operations Manager is responsible for keeping suitable records of plant that is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

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

### **10.3 TAXATION**

The Vice Principal – Finance & Corporate Operations is responsible for advising Budget Holders and Budget controllers, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. The Vice Principal – Finance & Corporate Operations will issue instructions to managers on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

The Vice Principal – Finance & Corporate Operations 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.

### **10.4 USE OF THE CORPORATION'S SEAL**

Where a deed or document requires the College's seal it **must** be authenticated by the signature of any one of the Chair, the Vice Chair, or the Audit Committee Chair and one other Corporation Member.

The Governance Professional will maintain a register of the deeds and other documents to which the seal has been affixed and will ensure that the seal is kept in a secure location at all times.

### **10.5 FUNDS HELD ON TRUST**

#### **10.5.1 Gifts, Benefactions and Donations**

The Vice Principal – Finance & Corporate Operations 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. Receipt of all such funds should be immediately notified to the Vice Principal – Finance & Corporate Operations who will ensure they are banked appropriately.

The Principal & CEO will formally accept, in writing, any donation received on behalf of the College.

#### 10.5.2 Learner Support, Bursaries and Access Funds

The Vice Principal & DSL Student Experience and Support and Vice Principal – Finance & Corporate Operations will prescribe the format for recording the use of student welfare funds.

Records of learner support funds, bursaries and access funds will be maintained according to funding agency requirements.

#### 10.5.3 Trust Funds

The Corporation shall be responsible for approving the establishment of any trust fund and for approving the working of the trust deeds.

The Corporation is responsible for ensuring that all College Trust Funds are operated within any relevant legislation, including the 1961 Investment Act, and the specific requirements for each trust. They will also be responsible for investment of fund balances.

The Vice Principal – Finance & Corporate Operations is responsible for maintaining a record of the requirements for each trust fund and for advising the Corporation on the control and investment of fund balances.

#### 10.5.4 Fund Raising and Voluntary Funds

The Principal & CEO is required to inform the Corporation on the financial implications of any proposal for fund raising activities which the College may ask the Corporation to initiate sponsor or approve, having regard to the relevant legislation, in particular the Charities Act 1992.

The Vice Principal – Finance & Corporate Operations shall be informed of any fund that is not an official fund of the College, which is controlled wholly or in part by a member of staff in relation to their function in the College.

The accounts of any such fund shall be audited by an independent external person and shall be submitted with a certificate of audit to the appropriate body. The Vice Principal – Finance & Corporate Operations shall be entitled to verify that this has been done.

### 10.6 **WHISTLEBLOWING**

The Public Interest Disclosure Act protects workers from detrimental treatment or victimisation from their employer if, in the public interest, they blow the whistle on wrongdoing. The College **must** have procedures for whistleblowing, to protect staff who report individuals they believe are doing something wrong or illegal.

The Governors **must** approve the whistleblowing procedure, review it regularly and publish it on the college's website. Corporation should:

- state in its policy the process for reporting concerns
- ensure all staff are aware of:
  - the whistleblowing process
  - how concerns will be managed
  - what protection is available to them, if they report someone
  - what areas of malpractice or wrongdoing are covered in the policy
  - who they can approach to report a concern

Corporation **must** ensure all concerns raised by whistleblowers are responded to properly and fairly.

If an employee or worker has reasonable grounds for concern in the College they should contact the Governance Professional immediately and explain the area(s) of concern. (The Governance Professional is appointed by the College Corporation and is therefore independent of College Management).

If an employee or worker suspects that the Governance Professional him/herself or both the Governance Professional and Principal and CEO are involved in malpractice they should contact the Chair of the Corporation or the Chair of the Corporation Audit Committee. Correspondence in this case should be addressed to the Chair at the College address and marked 'Confidential: only to be opened by the Chair of the Corporation' or 'Confidential: only to be opened by the Chair of the Audit Committee'.

The full procedure for whistleblowing is set out in the Colleges' whistleblowing policy, which is available from the Governance Professional and on the staff intranet.

## **10.7 VALUE FOR MONEY**

It is a requirement of the Accountability Agreement 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 agency, 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.

**FINANCIAL REGULATIONS – SCHEDULE 1****AUTHORITY LIMITATIONS**

The following values are currently approved in respect of the regulations:

<b>Authorisation for Contracts and Orders</b>	
<b>Value of Order or Contract</b>	
£1 to £999	Budget Holder
£1,000 to £4,999	Budget Controller (SLT or ELT where budget holder reports to ELT/ is a SLT member)
£5,000+	Include Vice Principal – Finance & Corporate Operations or Deputy Principal
£50,000	Include Principal & CEO
£500,000	Include Corporation

In the absence of the approver the approval goes upwards to the senior member of staff. With the exception of the Exams Budget Holder, who will approve all Exams related invoices but will code to the appropriate department.

**AUTHORISED CHEQUE SIGNATORIES**

Principal & CEO  
 Vice Principal – Finance & Corporate Operations  
 Head of Finance

<b>Value of Payment</b>	
Up to £1,000	1 signature
£1,000 to £25,000	2 signatures
Over £25,000	2 signatures to include Principal & CEO

## FINANCIAL REGULATIONS – SCHEDULE 2

### TENDERING – CODE OF PRACTICE

The main points covered by this code are:

- duty to comply by the College's staff;
- The Procurement Act
- a requirement that all parties concerned declare any relevant interests;
- confidentiality of all tender information;
- competitive tendering procedure which will:
  - Ensure fairness of competition;
  - ensure that companies invited to tender are financially and technically able to meet the College's requirements;
  - indicate the terms of the contract;
  - outline the appropriate British and /or international standards to be complied with;
- carry out a quotation procedure which will indicate:
  - the minimum number of firms that should be expected to provide quotations;
  - list of available firms in existence, which have been approved by the College, that might undertake the work specified;
  - the terms by which the contractors will be paid;
- the national requirements concerning good practice that should be followed:
  - submission of tenders (e.g. time, date, etc.);
  - receipt and safe custody of tenders and records;
  - admissibility and acceptance of tenders;
  - acceptance of tenders/quotations;
  - justification of acceptance of tenders not at the lowest price.