

# Financial Regulations

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Reviewed: June 2021

Next review: June 2022

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*Putting Students First*

### **Schedule of amendments (June 2019)**

- i. Section 1.3 – amended the name of the funding body’s audit code of practice to Post 16 Audit Code of Practice.
- ii. Section 4.1 – additional comment added – the ESFA don’t require a copy of the Cover Sheet of the Finance Plan to be submitted with the Principal’s signature.
- iii. Section 10.7 has been updated to read as appendix H.
- iv. Section 11.5 now includes the note that any requests to carry forward ring-fenced budgets must be requested before the 31<sup>st</sup> July of the academic year concerned.
- v. Section 12.4 has been updated to note that expenditure on assets will be recorded where the acquisition cost is greater than £500, in line with the amendment to the accounting policies this academic year.
- vi. Section 13.4 now includes the legal definition of fraud, as noted in the Post 16 ACOP.
- vii. Section 13.4 also includes a reference to the Potential Indicators of Fraud checklist, available on the ESFA website.
- viii. Section 13.4 now includes reference to the maintenance of a Fraud Log, which will be presented to the Audit Committee on a regular basis.
- ix. Addition of Appendix K – the Anti-Fraud Checklist for Post-16 Providers, from the Post 16 ACOP.
- x. Section 15.2 – the comment regarding the use of an income register has been amended to reflect a monthly review of each income stream versus budget.
- xi. Section 15.3 – paragraph 2 has been updated to refer to the ‘Finance/Cashier function’, rather than Cashier.
- xii. Section 15.3 internet receipts has been updated to reflect the treatment of online payments.
- xiii. Section 15.4 now includes reference to the Credit Control and Debt Management Policy – which notes the processes for action on debt collection.
- xiv. Section 15.4 now refers to outstanding debt reports issued to curriculum area management, for in-area action.
- xv. Section 15.5 wording has been updated – referring to student outstanding fees, rather than students who have not paid an account for fees. Additionally, the comment regarding direct debit mandate being the colleges’ preferred payment method has been removed.

- xvi. Section 17.4 includes reference to the full cost pro-forma template for all cost full activity, and details of approval required.
- xvii. Section 19.4 the list of items exempt from the purchase order system now includes Vehicle Maintenance.
- xviii. Section 20.3 updated to note that payments must be made in accordance with college's detailed payroll financial procedures and comply with HMRC regulations (rather than Inland Revenue regulations).
- xix. Section 20.4 has been updated to note that it is the Payroll Officer's responsibility (rather than the HR Manager's), to administer eligibility to pension arrangements.
- xx. Section 21.2 notes that a regular fixed asset check will be undertaken by Finance, on a sample basis.
- xxi. Section 23.3 has been updated for GDPR, rather than the Data Protection Act.
- xxii. Appendix D – creditor payments amended to note the updated petty cash threshold of £10.
- xxiii. Appendix D – insurance – amended to note that all aspects of insurance cover and claims are handled by the Campus Manager, not Finance.
- xxiv. Appendix D – budget monitoring – updated to include the monthly issue of budget statements to all budget heads.
- xxv. Appendix E – 'Regulatory disclosures' in the first paragraph of Internal Disclosures has been moved to provide a sub-heading for the second paragraph.
- xxvi. Appendix M – section 1.1.1 has been updated to reflect the new capital threshold of £500, rather than £1,000.
- xxvii. Appendix M – section 2.1.2 has been amended to refer to scrap that has a 'monetary' value.

### **July/August 2019**

- i. Section 19.5 – inclusion of criteria for when the use of a single tender waiver is appropriate.
- ii. Section 19.2 – any differences in quantities received on a Purchase Order must be communicated to the supplier by the purchase order originator, annotated on the invoice, and Finance informed.
- iii. Section 19.16 – inclusion of a maximum entertaining allowance of £25 per head for guests from outside bodies, regardless of the source of funding.

## **May 2020**

- i. Section 10.4 – financial planning – amend the process, to refer to the 24 month cash flow forecast, rather than a 12 month forecast, and a 12 month rolling forecast.
- ii. Section 15.4 – debts over £50 must be submitted to Corporation annually for the approval of write off (was termly). Annual review allows for thorough debt review before requesting write off.
- iii. Section 12.3 – updated for the Companies Act 2006 (was 1985)
- iv. Section 12.6 – updated for the Charities Act 2011 (was 1993)

## **August 2020**

- i. Introduction of section 21.1a – implementation of an approvals process for the purchasing of staff laptops.

## **September 2020**

- i. Section 19.5 – purchases greater than £5,000 : addition of the following comment “It is the responsibility of the budget manager to provide this information to the Assistant Principal, to ensure the financial regulations are complied with.”
- ii. Section 15 – budget monitoring – the addition of the following comment “However, it is the budget managers’ responsibility to regularly review the spend on their cost centres – which can be done by accessing the real-time budget information on the accounting system for each area.”

## **May 2021**

- i. Section 10.4 - replace ‘IFMC’ with ‘CFFR’ – which is the new College Financial Forecasting model.
- ii. Section 19.4 – additional comment included to note that approvals can be given electronically by the appropriate authorised person (via email), for purchase orders and invoices, rather than seeking signatures.
- iii. Section 20.3 – additional comment included to note that approvals for timesheets etc can also be given electronically (via email from the appropriate authorised person)
- iv. Section 20.5 – section updated to refer to the Expenses Policy, which covers fixed mileage for travel to CECAMM, relocation expenses, public transport and taxis.

### **June 2021**

- i. Section 19.15 – inserted, to include a section on rental of premises – and the need for cost/benefit analyses, and the requirement for annual Surveyor reports, to assess the condition of said rental premises.

### **November 2021**

- i. Inclusion in “Terminology” section of the role of the Capital Committee.
- ii. Section 5.4 – Inclusion of Capital Committee, within committee structures.
- iii. Section 10.7 – Amendment to include note that Capital Committee may approve spend on significant capital projects up to £200k.
- iv. Section 19.2 – inclusion of note that Capital Committee may approve spend on significant capital projects up to £200k.
- v. Section 12.4 – inclusion of aggregation of individual purchases to capitalise as an asset.

### **February 2022**

- i. Section 4.1.2 – now includes reference to the use of an invoice request form to be used (available on the staff portal).
- ii. Section 15.6 – inclusion of section on Restaurant income – key controls regarding banking of tips, bookings, and raffles.
- iii. Section 19.5 – Tenders & Quotations – limit increased: spend in excess of £10,000 (was £5,000) now requires three quotations.
- iv. Sections 19.2 & 20.3 – Wages. The Director of Finance will conduct the monthly review and authorisation of the Payroll.

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## TERMINOLOGY

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The following general terms have been used in this guide:

Audit Committee	A committee independent of executive responsibility, which advises the Corporation on issues related to internal audit, external audit and financial control. It is required to issue an annual report to the Corporation which, <i>inter alia</i> , comments on the college's system of internal control.
Budget Holder	The member of staff who has been assigned his or her own budget (other than a head of department) and is accountable to their head of department for it.
Assistant Principal Resources & Finance	The chief financial officer of the college.
Funding Bodies	The Education Skills Funding Agency (ESFA) which provides funding as well as having a wider range of powers.
Capital Committee	A committee of Corporation members, with College officers, who monitor and report on large capital projects undertaken by the college.
Corporation	The College Corporation ultimately responsible for the affairs of the college.
Heads of Department	The head of an academic or non-academic department of the college who is responsible for the budget of his or her whole department.
Principal	The person with the ultimate executive responsibility for the management of the college. ESFA terminology describes the Principal as the chief accounting officer.
Senior Management	The senior management group that assists the Principal in running the college. This includes senior post-holders of the college.

# FINANCIAL REGULATIONS

## A GENERAL PROVISIONS

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### 1 Background

- 1.1** The college is a further education corporation created under the provisions of the Further and Higher Education Act 1992. Its structure of governance is laid down in the instrument and articles of government, which may only be amended by application to the Secretary of State for Education. The college is accountable through its Corporation, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2** The college is an exempt charity by virtue of the Charities Act 1993.
- 1.3** The financial memorandum between the funding body 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 funding body's Post-16 audit code of practice (ACOP), which requires it to have sound systems of financial and management control. The financial regulations of the college form part of this overall system of accountability.

### 2 Status of Financial Regulations

- 2.1** This document sets out the college's financial regulations. It translates into practical guidance the college's broad policies relating to financial control. This document was approved by the **Corporation on 29 March 2007 and thereafter annually**. It applies to the college and all its subsidiary undertakings.
- 2.2** These financial regulations are subordinate to the college's instruments and articles of government and to any restrictions contained within the college's financial memorandum with the funding body and the funding body's audit code of practice.

**2.3** The purpose of these financial regulations is to provide control over the totality of the college's resources and provide management with assurances that the resources are being properly applied for the achievement of the college's strategic plan and business objectives:

- financial viability
- achieving value for money
- fulfilling its responsibility for the provision of effective financial controls over the use of public funds
- ensuring that the college complies with all relevant legislation
- safeguarding the assets of the college.

**2.4** Compliance with the financial regulations is compulsory for all staff and governors 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. The Corporation will be notified of any such breach through the Audit Committee. It is the responsibility of heads of department to ensure that their staff are made aware of the existence and content of the college's financial regulations.

**2.5** The Corporation is responsible for maintaining a continuous review of the financial regulations, through the Assistant Principal Resources & Finance.

## **B CORPORATE GOVERNANCE**

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### **3 The Corporation**

**3.1** The Corporation is responsible for the management and administration of the college. Its financial responsibilities are to:

- ensure the solvency of the college and the safeguarding of the college's assets
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and other senior post-holders
- set a framework for pay and conditions of service of all other staff

- ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the college are appropriate and sufficient to safeguard public funds
- approve the appointment of external auditors and an internal audit service
- secure the efficient, economical and effective management of all the college's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the college is not put at risk
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution
- plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure
- approve an annual budget before the start of each financial year
- determine tuition fees
- ensure that the college complies with the funding body's audit code of practice
- approve the college's strategic plan
- approve the annual financial statements.

**3.2** Monitoring of the college's financial position and financial control systems is undertaken by the Corporation. The Governors will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the Corporation. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to the financial duties of the Corporation and make recommendations accordingly. The Corporation has to ensure that it has adequate information to enable it to discharge its financial responsibilities. A more detailed extract from the Corporation's terms of reference is shown at **Appendix B.**

The Corporation Standing Orders are to include formal procedures to review the Corporation decision making process.

## 4 Designated Officer

- 4.1 The Principal is the college's designated officer and is responsible for ensuring the financial administration of the college's affairs in accordance with the financial memorandum with the ESFA. As the designated officer, the Principal may be required to justify any of the college's financial matters to the Public Accounts Committee at the House of Commons.

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

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

The Principal shall demonstrate his or her oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual financial statements, and the cover sheet of the two-year financial forecasts submitted to the ESFA. (The signed copy is not now required by the ESFA).

## 5 Committee Structure

- 5.1 The Corporation has ultimate responsibility for the college's finances, but delegates specific powers and processes to the committees detailed below. These committees are accountable to the Corporation. A diagram depicting the committee structure is included at **Appendix A**.

### 5.2 Audit committee

Colleges are required by their financial memorandum with the funding body and by the funding body's audit code of practice 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. A more detailed extract from the Audit Committee's terms of

reference is shown at **Appendix C**. The audit requirements of the college are set out in the funding body's audit code of practice.

### **5.3 Remuneration Committee**

Consideration of senior post holder's pay and conditions is the responsibility of the Corporation. It has the power to make decisions on their remuneration, including pay and other benefits, as well as contractual arrangements.

### **5.4 Capital Committee**

The Capital Committee is responsible for overseeing the completion and review of any significant building contracts undertaken by the College.

The Capital Committee will report directly to the Corporation.

## **6 Other Senior Managers with Financial Responsibility**

### **6.1 The Assistant Principal Resources & Finance**

Day-to-day financial administration is controlled by the Assistant Principal Resources & Finance, who is responsible to the Principal for:

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

**Appendix D** shows, for the main areas in which advice is sought, details of the key contacts within the finance department.

### **6.2 Heads of Department**

Heads of Department are responsible to the Principal for financial management for the areas or activities they control. They are advised by the Assistant Principal

Resources & Finance in executing their financial duties. The Assistant Principal Resources & Finance will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Heads of department are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved to budget holders, they are accountable to their head of department for their own budget.

Heads of department shall provide the Assistant Principal Resources & Finance 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.

### **6.3 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 (see 19.2) and the values of purchases for which quotations and tenders are required (see 19.5).
- They shall make available any relevant records or information to the Assistant Principal Resources & Finance or his or her authorised representative in connection with the implementation of the college's financial policies, these financial regulations and the system of financial control.
- They shall provide the Assistant Principal Resources & Finance with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Corporation.
- **They shall immediately notify the Assistant Principal Resources & Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the college. The Assistant Principal Resources & Finance shall take such steps as he or she considers necessary by way of investigation and report.**

## **7 Risk Management**

**7.1** The college acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable/unacceptable by the college will be set out in a separate risk management strategy.

**7.2** 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.

**7.3** 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, together with tolerance levels expressed in terms of measurable outcomes (see above)
- a decision on the level of risk to be covered by insurance (see 23.1)
- detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas
- development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question
- regular reporting to the Corporation of all risks above established tolerance levels
- an annual review of the implementation of risk management arrangements

The strategy and procedures must be capable of independent verification.

**7.4** Heads of department must ensure that any agreements negotiated within their

departments with external bodies cover any legal liabilities to which the college may be exposed. The Assistant Principal Resources & Finance advice should be sought to ensure that this is the case.

## **8 Whistleblowing**

- 8.1** Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc.), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 8.2** Normally, any concern about a workplace matter at the college should be raised with your line manager. However, the college recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.
- 8.3** A member of staff may, therefore, make the disclosure to the Principal. If the member of staff does not wish to raise the matter with the Principal, it may be raised with the Chair of the Audit Committee.
- 8.4** The full procedure for whistleblowing is set out in the college's whistleblowing policy, which is available through the HR Department. Further details of the Public Interest Disclosure Act are set out at **Appendix E**.

## **9 Code of Conduct**

- 9.1** The college is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe. These principles are set out at **Appendix F**. In addition, the college expects that staff at all levels will observe its code of conduct, contained in its detailed financial procedures, which covers:
- probity and propriety

- selflessness, objectivity and honesty
- relationships.

**9.2** Additionally, members of the Corporation, senior management and those involved in procurement are required to disclose interests in the college's register of interests maintained by the Clerk to the Governors. 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.

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

#### **9.4 Receiving gifts or hospitality**

It is an offence under the 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 accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant head of department or the Assistant Principal Resources & Finance. For the protection of those involved, the Assistant Principal Resources & Finance (or other designated officer) will maintain a register of gifts and hospitality received.

Members of staff in receipt of such gifts or hospitality are obliged to notify the Assistant Principal Resources & Finance (or other designated officer) promptly. The register of gifts and hospitality is available in the Principal's office.

## **C FINANCIAL MANAGEMENT AND CONTROL**

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### **10 Financial Planning**

**10.1** The Assistant Principal Resources & Finance is responsible for preparing annually a rolling two-year financial plan for approval by the Corporation and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans and estates strategy approved by the Corporation.

#### **10.2 Budget objectives**

The Corporation will, from time to time, set budget objectives for the college. These will help the Assistant Principal Resources & Finance in preparing his or her more detailed financial plans for the college.

#### **10.3 Resource allocation**

Resources are allocated annually by the Corporation on the recommendation of the SMT, and on the basis of the above objectives. Heads of department are responsible for the economic, effective and efficient use of resources allocated to them.

#### **10.4 Budget preparation**

The Assistant Principal Resources & Finance is responsible for preparing each year an annual revenue budget and capital programme for consideration by the SMT. The budget should also include a 24 month cash flow forecast (for the period nominated in the CFFR) and a projected year-end balance sheet. The Assistant Principal Resources & Finance must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to heads of department as soon as possible following their approval by the Corporation.

During the year, the Assistant Principal Resources & Finance is responsible for submitting revised forecasts to the SMT for consideration before submission to the Corporation for approval on a monthly basis to a 12 month cash flow forecast, and the 24 month cash flow forecast, balance sheet, operating statement, update on financial performance indicators clearly benchmarked, funding out-turn predictions. All variances should be clearly outlined in the commentary with a detailed explanation and action for improvement.

All financial procedures will be reviewed on an annual basis, reported to the senior management team and Audit Committee.

#### **10.5 Capital programmes**

The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the college's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the Corporation.

The Deputy Principal will establish protocols for the inclusion of capital projects in the capital programme for approval by the Corporation. 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 summarised at **Appendix G**.

The Assistant Principal Resources & Finance will also establish procedures for the approval of variations, including the notification of large variations to the funding body, as laid down in funding body guidelines.

The Assistant Principal Resources & Finance is responsible for providing regular statements concerning all capital expenditure to Corporation for monitoring purposes.

Following completion of a capital project, a post-project evaluation or final report should be submitted to the Corporation including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in funding body guidelines.

### **10.6 Overseas activity**

In planning and undertaking overseas activity, the college must have due regard to the relevant guidelines issued by the Funding Agencies and immigration

### **10.7 Other major developments**

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than **£100,000** should be referred to the Corporation for approval.

The Capital Committee may approve expenditure up to £200,000 on significant capital projects – but will be reported to Corporation for information.

The Assistant Principal Resources & Finance will establish protocols for these major developments to enable them to be considered for approval by the Corporation. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet. They are summarised at **Appendix H**.

## **11 Financial Control**

### **11.1 Budgetary control**

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

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

### **11.2 Financial information**

The budget holders are assisted in their duties by management information provided by the Assistant Principal Resources & Finance.

The Assistant Principal Resources & Finance is responsible for supplying budgetary reports on all aspects of the college's finances to the Corporation on a basis determined by the Corporation but subject to any specific requirements of the ESFA.

### **11.3 Changes to the approved budget**

Changes proposed to the approved budget will be first considered by the SMT, which will make proposals to the Corporation.

All budget virements to budgets are at the discretion of the Assistant Principal Resources & Finance /Director of Finance. There can be no virements between pay and non-pay budgets.

### **11.5 Treatment of year-end balances**

At the year end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year. Specific account balances may be carried forward with the agreement of the Assistant Principal Resources & Finance, and must be requested before the 31<sup>st</sup> July of the academic year concerned.

## **12 Accounting Arrangements**

### **12.1 Financial year**

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

### **12.2 Basis of accounting**

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

### **12.3 Format of the financial statements**

The financial statements are prepared in accordance with the Statement of

Recommended Practice *Accounting for Further and Higher Education*, subject to any specific requirements of the ESFA, and in accordance with the provisions of the Companies Act 2006, if that is appropriate.

#### **12.4 Capitalisation and depreciation**

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

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £500 or more.

Individual expenditure costing less than £500 may be aggregated and capitalized as a single asset, when this is deemed to be a single project.

#### **12.5 Accounting records**

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

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

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

The Assistant Principal Resources & Finance will make appropriate arrangements for the retention of electronic records.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies.

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

## **12.6 Public access**

Under the terms of the Charities Act 2011, the 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 Assistant Principal Resources & Finance. The college will also allow members of the public to inspect the statement of accounts during normal working hours, provide copies to local libraries and make a summary available on the college's website.

## **12.7 Taxation**

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

The Assistant Principal Resources & Finance is responsible for maintaining the college's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

# **13 Audit Requirements**

## **13.1 General**

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 his or her control
- access records belonging to third parties, such as contractors, when required.

The Assistant Principal Resources & Finance is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

Following consideration by the SMT, the financial statements should be reviewed by the Audit Committee. On the recommendation of the Audit Committees they will be submitted to the Corporation for approval.

### **13.2 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.

The primary role of this external audit is to report on the college's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the funding body's audit code of practice, (ACOP) and the Auditing Practices Board's statements of auditing standards.

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

### **13.3 Internal audit**

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

The college's financial memorandum with the funding body requires that it has an effective internal audit function and their duties and responsibilities must be in

accordance with advice set out in the funding body's audit code of practice. The main responsibility of internal audit is to provide the Corporation, the Principal and senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the Corporation, Principal and Chair of the Audit Committee. The formal responsibilities of internal audit are detailed at **Appendix I**. The internal auditor will also comply with the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors*.

#### **13.4 Fraud and corruption**

The legal definition of fraud as defined in the Fraud Act 2006 is 'The making of a false representation or failing to disclose relevant information, or the abuse of position, in order to make a financial gain or misappropriate assets'.

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

The Assistant Principal Resources & Finance shall immediately invoke the fraud response plan, which incorporates the following key elements (**see Appendix J for fuller details**):

- he or she will notify the Principal and the Audit Committee (through its Chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report
- the Principal shall inform the police if a criminal offence is suspected of having been committed
- any significant cases of fraud or irregularity shall be reported to the ESFA in accordance with their requirements as set out in the audit code of practice
- the Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate
- the internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit Committee on the

suspected irregularity. Such report shall include advice on preventative measures.

**Appendix K** includes the Anti-Fraud Checklist for Post 16 providers, as defined in the Post 16 ACOP.

A generic checklist for education providers is available online through the ESFA, (Indicators for Potential Fraud), and should be annually reviewed by the Assistant Principal Resources & Finance.

The Assistant Principal Resources & Finance shall maintain a Fraud Log, recording any identified (potential) issues of fraud, details, and investigation outcome. This shall be presented to the Audit Committee on a regular basis.

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

### **13.5 Value for money**

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

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

### **13.6 Other auditors**

The college may, from time to time, be subject to audit or investigation by external bodies such as the funding body, National Audit Office, European Court of Auditors, the HMRC. They have the same rights of access as external and internal auditors.

## **14 Treasury Management**

### **14.1 Treasury management policy**

The Corporation is responsible for approving a treasury management policy statement (based on CIPFA's *Treasury Management in the Public Services: Code of Practice* together with cross-sectoral guidance and sector-specific guidance) setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with funding body rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Corporation has a responsibility to ensure implementation, monitoring and review of such policies.

All executive decisions concerning borrowing, investment or financing shall be approved by the Corporation, following a detailed assessment of the loans purpose, the sources of finance available and the College's ability to repay the loan. Best practice in the sector is to be sought and applied. The Assistant Principal Resources & Finance is to establish an appropriate reporting system. All borrowing shall be undertaken in the name of the college and shall conform to any relevant funding body requirements. The Assistant Principal Resources & Finance and his staff are required to act in accordance with CIPFA's *Code of Practice*.

The Assistant Principal Resources & Finance will report to the Corporation termly in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

### **14.2 Appointment of bankers and other professional advisers**

The Corporation is responsible for the appointment of the college's bankers and other professional financial advisers (such as investment managers). The appointment shall be for a specified period, normally a period of three years, after which consideration shall be given by the Corporation to competitively tendering the service.

### **14.3 Banking arrangements**

The Assistant Principal Resources & Finance is responsible, on behalf of the Corporation, for 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 Assistant Principal Resources & Finance, who shall make proper

arrangements for their safe custody.

Only the Assistant Principal Resources & Finance may open or close a bank account for dealing with the college's funds. All bank accounts shall be in the name of the college or one of its subsidiary companies.

All cheques drawn on behalf of the college must be signed in the form approved by the Corporation. All cheques must be signed by two authorised persons drawn from the following list:

**Level 1: Principal, Deputy Principal, Assistant Principal Resources & Finance**

**Level 2: Director of Finance, Management Accountant, Sales Ledger Administrator**

**For cheques over £10,000, both signatures must be Level 1.**

All automated transfers on behalf of the college, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Corporation.

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

Where financing has been undertaken by the college, all banking covenants in relation to loans must be monitored, and reviewed at Corporation on a regular basis.

If more the College has business relationships with more than one bank, it is important to ensure that both banks' requirements are not in conflict with each other.

## **15 Income**

### **15.1 General**

The Assistant Principal Resources & Finance is responsible for ensuring that appropriate procedures are in operation to enable the college to receive all

income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Assistant Principal Resources & Finance.

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Corporation.

The Assistant Principal Resources & Finance is responsible for the prompt collection, security and banking of all income received.

The Assistant Principal Resources & Finance is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the college's accounts.

The Assistant Principal Resources & Finance is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

## **15.2 Maximisation of income**

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

Each income stream is monitored against the relevant budget line, and reported against on a monthly basis as part of the management accounts. This forms the basis of regular monitoring and control meetings.

## **15.3 Receipt of cash, cheques and other negotiable instruments**

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

All monies received must be paid into Finance/Cashier function promptly, and in accordance with a timetable prescribed by the Assistant Principal Resources & Finance. The custody and transit of all monies received must comply with the

requirements of the college's insurers.

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

**Receipts by credit or debit card:** the college may only receive payments by debit or credit card using procedures approved by the Assistant Principal Resources & Finance.

**Online Payments:** Direct bank payments may be made to the college – please contact Finance for details.

#### 15.4 Collection of debts

The Assistant Principal Resources & Finance should ensure that:

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

Only the Assistant Principal Resources & Finance can implement credit arrangements and indicate the periods in which different types of invoice must be paid. Any subsequent changes must be submitted to Corporation for approval.

Requests to write off debts must be referred in writing to the Assistant Principal Resources & Finance for submission to the Corporation for consideration. Debts below £50 may be written off with the permission of the Assistant Principal Resources & Finance. Debts over £50 must be submitted to Corporation annually

for the approval of write off. Fee waivers may be applied in accordance with the Fees policy (authority of the Principal).

### **15.5 Student fees**

The procedure for collecting tuition and other fees must be approved by the Assistant Principal Resources & Finance. He or she is responsible for ensuring that all student fees due to the college are received.

Students who have fees outstanding shall be prevented from re-enrolling at the college and from using any of the college's facilities unless appropriate arrangements have been made. Such removal of a student shall require the Principal's approval.

### **15.6 Restaurant Income**

There are a number of key financial controls to be observed within the College Restaurant:

- Bookings for 6 people or more :
  - a 50% deposit is required at time of booking. This deposit is non-refundable.
  - The final payment must be made no later than 7 days prior to the booking date – or the table will not be held. (Drinks may be purchased and paid for during the meal).
- Tips – all tips must be banked via the Finance department, weekly. These must be counted and brought to Finance by the College Restaurant Manager, who will be provided with a till receipt confirming the banking. All tips must be banked, and no tips may be diverted for other purchases.

Procedure for Raffles:

- A cash advance must be requested and utilized for the procurement of raffle prizes. This ensures there is a clear audit trail in terms of raffle takings, and purchases.
- Raffle takings must be clearly identified separately from student tips, so that they are banked easily identifiable.
- Raffles are held for the benefit of student enrichment – and this must be clearly communicated to all customers. (For example, signage on display

within the restaurant). Should the proceeds be for a different cause, this must information must also be clearly communicated to all customers.

- Any raffles held within the College Restaurant must adhere to the following criteria (available on <https://www.gov.uk/government/publications/can-do-guide-for-organisers-of-voluntary-events/the-can-do-guide-to-organising-and-running-voluntary-and-community-events#part-2-do-i-need-any-licences-or-other-sort-of-permission> )
  - The winner of the raffle must be announced at the event
  - No more than £500 may be spent on prizes
  - Expenses deducted from the proceeds must not be greater than £100.

## **16 ESF Projects, LEP Projects and all other Projects and Contracts (a)(b)**

### **16.1 General**

Research can be defined as original investigation, undertaken to gain new knowledge and understanding, which may be directed towards a specific aim or objective. It can use existing knowledge in experimental development to produce new or substantially improved materials, devices, products and processes including design and construction. It excludes routine testing and analysis of materials, components and processes.

The term 'research grant' is restricted to research projects funded by the UK research councils, charities and the higher education funding bodies.

All other externally financed research projects are classified as 'research contracts'.

Where approaches are to be made to outside bodies for support for research projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the head of department to ensure that the financial implications have been appraised by the Assistant Principal Resources This will include obtaining a set of grant terms and conditions from each organisation providing

funding to enable appropriate monitoring of compliance.

The Assistant Principal Resources & Finance is responsible for examining every formal application for grant and shall ensure that there is adequate provision of resources to meet all commitments. The Assistant Principal Resources & Finance should ensure that the full cost of research contracts is established. The research agreement must be in line with the college's policy with regard to indirect costs and other expenses and taking account of different procedures for the pricing of research projects depending on the nature of the funding body.

Research grants and contracts shall be accepted on behalf of the college by the Principal.

The Assistant Principal Resources & Finance shall maintain all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.

Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific budget holder.

Control of pay and non-pay expenditure will be contained within the budget centre. The head of the budget centre may delegate day-to-day control of the account to a supervisor or grant holder, but any overspend or under-recovery of overheads is to be the clear responsibility of the budget centre with any loss being a charge on departmental funds.

## **16.2 Recovery of overheads**

Overheads will be charged to research activity whether or not the funding arrangements permit full recovery.

## **16.3 Grant and contract conditions**

Many grant-awarding bodies and contracting organisations stipulate conditions under which their 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 supervisor or grant 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.

## **17 Other Income-Generating Activity**

### **17.1 Private consultancies and other paid work**

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

- outside consultancies or other paid work may not be accepted without the consent of the head of department (and in the case of the head of the department, the Principal)
- applications for permission to undertake work as a purely private activity must be submitted to the head of department or Principal, as appropriate, and include the following information:
  - the name of the member(s) of staff concerned
  - the title of the project and a brief description of the work involved
  - the proposed start date and duration of the work
  - full details of any college resources required (for the calculation of the full economic cost)
  - an undertaking that the work will not interfere with the teaching and normal college duties of the member(s) of staff concerned.

### **17.2 (c) Off-site collaborative provision (franchising)**

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

There shall be a contract signed by the Principal and on behalf of any partner organisation that shall comply at least with the funding body model contract (as amended from time to time) in place before any provision is made.

Contracts for significant changes in franchising activity shall be approved in advance by the Corporation.

The form of the contract shall be scrutinised in advance of its operation by the Audit Committee and approved by the Corporation.

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

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

### **17.3 European Union (EU) and other matched funding**

Any such project requires the approval of the Assistant Principal Resources & Finance prior to any commitment being entered into. Such approval shall be dependent upon the relevant head of department being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the college's costing and pricing policy.

Individual applications for funds shall be the subject of a report to the senior management team which will set out, amongst other things, the potential risks generated by the project.

If the college sub-contracts such work to external providers, the relevant head of department shall ensure that:

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

### **17.4 Profitability and recovery of overheads**

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

Other income-generating activities organised by members of staff must be costed and agreed with the Assistant Principal Resources & Finance before any commitments are made. Provision must be made for charging both direct and indirect costs in accordance with the college's costing and pricing policy, in particular for the recovery of overheads.

Use of the full cost pro-forma template for all full cost activity is required. Authorisation of full cost courses requires either the Assistant Principal Resource & Finance or Director of Finance approval.

All minimum numbers for courses must be met, for the course to run. Any amendments (ie change in minimum numbers), must be approved by the AP or CA.

#### **17.5 Additional payments to staff**

Any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the head of department, and the Principal.

## **18 Intellectual Property Rights and Patents**

### **18.1 General**

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

### **18.2 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.

### **18.3 Intellectual property rights**

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

## 19 Expenditure

### 19.1 General

The Assistant Principal Resources & Finance is responsible for making payments to suppliers of goods and services to the college.

### 19.2 Scheme of delegation/financial authorities

The head of department is responsible for purchases within his or her department. Purchasing authority may be delegated to named individuals within the department. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures.

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

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

The Assistant Principal Resources & Finance must be notified immediately of any changes to the authorities to commit expenditure.

Heads of department and budget holders are not authorised to commit the college to expenditure without first reserving sufficient funds to meet the purchase cost. A purchase order must be raised and authorized by the budget holder before goods and services are contracted for.

Upon receipt of the goods or service, the goods must be receipted on Symmetry, to enable the purchase invoice to be cleared and paid. Should the quantity of goods received *differ* from the Purchase Order (either more or less than ordered), the purchase order originator must advise the supplier, annotate the invoice, and inform finance.

Expenditure on a single transaction **in excess of £5,000.00** shall require the approval of the Assistant Principal Resources & Finance.

Expenditure on transactions **in excess of £100,000** shall require the authorisation of the Corporation. (Although Capital Committee may approve expenditure up to £200,000 on significant building projects.)

The College monthly payroll is exempt from this scheme of delegation. The monthly payroll will be authorized by the Director of Finance, or a Senior Post Holder if the Director of Finance is not available.

### **19.3 Procurement**

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. Factors to be considered in determining lowest cost are noted in the financial procedures.

The Assistant Principal Resources & Finance 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 on use of preferred suppliers
- 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 above a certain value
- the drafting and negotiation of all large-scale purchase contracts (generally in excess of £100,000) undertaken by the college, in collaboration with the responsible department
- ensuring that when ordering bulk purchases budget holders should refer to departmental heads to take advantage of previous knowledge of supplies, suppliers and bulk discounting.
- ensuring that the college complies with EU regulations on public purchasing policy.

### **19.4 Purchase orders**

The ordering of goods and services shall be in accordance with the college's detailed financial procedures/purchasing policies. All goods and services must be subject to a correctly authorised purchase order being raised before purchasing/contracting with suppliers. Failure to comply with the College's financial procedures when ordering goods and services on behalf of the College may result in disciplinary action being taken.

Official college orders must be placed for the purchase of all goods or services, except those made using purchasing cards, company credit cards or petty cash. In exceptional circumstances, urgent orders may be given orally, but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.

When seeking approval of a purchase order, this can be actioned electronically, via email, by the appropriate authorizing person.

When transferring goods or services between departments, an interdepartmental recharge form must be used.

The Finance Department must be informed immediately of damaged or rejected and returned goods, in order to ensure that appropriate credit notes are received, and budgets updated. The Finance Department must ensure that the Purchase Ledger is reconciled on a monthly basis, and that all supplier statements are agreed to the ledger.

It is the responsibility of the Assistant Principal Resources & Finance to ensure that all purchase orders refer to the college's conditions of contract (see 19.7 and **Appendix L**).

There are certain items that are exempt from the purchase order system, and these include:

- Utilities
- Catering Supplies
- Waste Services
- Photocopier Services
- Vehicle maintenance

Exempt items must be agreed by the Assistant Principal (Resources & Finance).

## 19.5 Tenders and quotations

Heads of department and delegated budget holders must comply with the college's tendering procedures contained in the college's code of tendering practice, which are applicable as follows:

- under £10,000 – the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained and managers may be required to show how they have achieved this.
- from £10,000 to £50,000– the budget holder/ purchasing officer shall arrange for at least three written quotations to be obtained with evidence retained. In the event of it not being possible to arrange for three quotations (for example there is only one supplier) then permission from the Assistant Principal Resources & Finance must be granted. This will only be given when the authorizing manager provides a written explanation of suppliers contacted and a rationale of why there are no other suitable suppliers. The Assistant Principal Resources & Finance will inform the Principal (as chief accounting officer) of the decision. It is the responsibility of the budget manager to provide this information to the Assistant Principal, to ensure the financial regulations are complied with.
- over– £50,000 all items will require three competitive tenders

In certain circumstances the need to obtain three or more quotations/ tenders may be waived. Decision to do so must be made in advance of awarding the contract.

Formal tendering procedures may be waived in the following circumstances:

1. in very exceptional circumstances where the |Chief Accounting Officer decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures
2. where the requirement is covered by an existing contract;
3. where a consortium arrangement is in place and a lead

- organisation has been appointed to carry out tendering activity on behalf of the consortium members;
4. where the timescale genuinely precludes competitive tendering
  5. where specialist expertise is required and is available from only one source;
  6. where there is a clear benefit to be gained from maintaining continuity with an earlier supplier. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
  7. for the provision of legal advice and services providing that any legal firm or partnership commissioned by the College is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned. The Director of Finance will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.
  8. the award of contracts over £100,000 shall be reported to the Corporation. This may be done retrospectively.

There will be occasions when the value of a proposed purchase may be greater than £50,000 in total but is split into component parts to different suppliers or at different times in the year where component parts are less than £50,000. In these circumstances the tendering manager should apply to the Assistant Principal Resources & Finance for advice as to whether the tender rules will apply. In making a decision the following issues will be considered:

- The individual amounts of the tender and the total value.

- The space that will apply between the orders.
- The level of dissimilarity of the component parts.
- The practicality of receiving tenders.

Only partnership arrangements for the supply of goods or services specifically approved by the Corporation will fall outside these arrangements for tenders and quotations.

The main points covered by the college's code of tendering practice are described at **Appendix M** and may be subject to special rules imposed by funding bodies.

### **19.6 Post-tender negotiations:**

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

- 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 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.

### **19.7 Contracts**

Building contracts are the responsibility of the Corporation and are administered by the college's Principal and SMT members as appropriate.

Proposals will normally be initiated by the Assistant Principal Resources & Finance in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments.

Consultants may be appointed to the project, as determined by the Principal. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Assistant Principal Resources & Finance as appropriate for SMT consideration. Investment appraisals should comply with appropriate funding body guidance.

Following consideration by the SMT, submissions should be forwarded to the Corporation where appropriate. If the required agreement is secured from the funding body, funding body procedural rules should be followed. Funding body guidance on best practice should be followed even when funding body approval is not required.

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

Conditions of contract for the purchase of goods will be followed as described in the college's detailed financial procedures. The main points are described at **Appendix L**.

In the event of a major capital project the Corporation may choose to set up a Capital sub committee to oversee the process. Corporation will separately determine the powers of such a sub-committee which will override the provisions included in this policy.

### **19.8 EU regulations**

The Assistant Principal Resources & Finance is responsible for ensuring the college complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The Assistant Principal Resources & Finance will advise heads of department on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

It is the responsibility of heads of department to ensure that their members of staff comply with EU regulations by notifying the Assistant Principal Resources & Finance of any purchase that is likely to exceed the thresholds. This will need to

be done well in advance in order to permit advertisements in journals such as the *Official Journal of the European Community* (OJEC).

The Assistant Principal Resources & Finance is also required to submit to the funding body annually details on expenditure which exceeds the threshold. Copies of the relevant documentation falling into this category must be provided by heads of department to the Assistant Principal Resources & Finance.

### **19.9 Receipt of goods**

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

All goods received shall be electronically receipted onto the accounting system on the day of receipt. If the goods are deemed to be unsatisfactory, the supplier should be immediately notified so that they can be collected for return as soon as possible (please ensure that you cc Accounts Payable). Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.

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

### **19.10 Payment of invoices**

The procedures for making all payments shall be in a form specified by the Assistant Principal Resources & Finance.

The Assistant Principal Resources & Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer on a weekly basis. In exceptional circumstances the Assistant Principal Resources & Finance will prepare cheques manually for urgent payments.

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

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

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

Payments will only be made by the Assistant Principal Resources & Finance against invoices that have been authorised for payment by the appropriate head of department or budget holder.

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

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

#### **19.11 Staff reimbursement**

The College's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 20.5).

Where such purchases by staff are planned, the Assistant Principal Resources & Finance and the relevant head of department may jointly approve cash advances to staff who are going to incur expenditure on the college's behalf. Upon completion of the travel or project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was

disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

#### **19.12 College credit/procurement cards**

Where appropriate, the Corporation may approve the issuing of college credit cards to senior staff. Such credit cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. The Assistant Principal Resources & Finance will be responsible for setting in place a system to monitor the use of college credit cards and account for expenses charged through them.

#### **19.13 Petty cash**

Where a petty cash facility exists (agreed with the Finance department) items less than £25 it should be paid from departmental petty cash if possible. It must be supported by receipts or vouchers where available.

The Assistant Principal Resources & Finance shall make available to departments such imprests as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.

Requisitions for reimbursements must be sent to the Assistant Principal Resources & Finance 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 head of department or another person nominated by him or her.

Standard college petty cash books are supplied by the Assistant Principal Resources & Finance and must be used for recording all imprest accounts.

At the end of the financial year a certificate of the balances held should be

completed by the member of staff responsible for the float and counter-signed by the head of department.

#### **19.14 Late payment rules**

The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:

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

#### **19.15 Rental of Premises**

This section includes the following scenarios:

- Exclusive rental of external property for College use
- Exclusive rental of College property to an external organization

Should the budget-holder wish to engage in either of the above scenarios, the following actions must be completed:

- A cost-benefit analysis must be completed, and approved by the Assistant Principal (Resources & Finance) – covering the term of the proposed rental.
- A full surveyors report, detailing the condition of the premises, and any potential repairs required, must be completed prior to engaging in any rental agreement.
- A copy of the Surveyors report must be provided to the Assistant Principal (Resources & Finance), to determine whether the rental is economically viable.
- Should the rental proceed, an annual Surveyors report must be undertaken, to assess any potential costs that the College may incur. This report must be passed to the Assistant Principal (Resources & Finance).
- The projected costs of the Surveyors reports must be included in the cost-benefit

analysis.

- The projected costs of the Surveyors reports must also be passed to the Director of Finance, to ensure that future financial forecasting will include such costs.

### **19.16 Project advances**

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

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

### **19.17 Giving hospitality**

- a) External guests. Staff entertaining guests from outside bodies at lunch time should normally use the college's catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement.

Additionally, please note that when entertaining guests from outside bodies, the cost of entertaining may not exceed £25 per head (regardless of the source of funding for the entertainment).

Please be mindful of this limit when arranging restaurant bookings, and ensure best value for money.

- b) Hospitality for staff and Governors. On occasions it will be appropriate for Governors to provide limited hospitality (including alcoholic beverages) for governors, staff or other guests (for example on the retirement of a Governor or as a special thank you to, or celebration for, staff or Governors). This will be permitted provided that the amounts are reasonable and frequency is limited. A

maximum guide price of £30 per head has been recommended by the auditors. Any hospitality for Governors must be approved by the Chair of Governors and Chair of the audit committee. All amounts must be reported to Corporation on a termly basis.

- c) The Principal is authorised to provide hospitality for staff at least twice a year (for example the Christmas lunch or summer bar-b-que). The cost of this should be small and may include alcoholic beverages. For the avoidance of doubt this is in the absolute gift of the principal.

## **20 Pay Expenditure**

### **20.1 Remuneration policy**

All college staff will be appointed to the salary scales approved by the Corporation and in accordance with appropriate conditions of service. All letters of appointment must be issued by the HR Department.

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

Salaries and other benefits for senior post holders will be determined by the Remuneration Committee set up by the Corporation.

### **20.2 Appointment of staff**

All contracts of service shall be concluded in accordance with the college's approved HR practices and procedures and all offers of employment with the college shall be made in writing by the Principal. Budget holders shall ensure that the Assistant Principal Resources & Finance and the Head of HR are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

### **20.3 Salaries and wages**

The Assistant Principal Resources & Finance is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a

form prescribed or approved by the Assistant Principal Resources & Finance.

However, the Director of Finance will conduct the monthly review and authorization of the monthly Payroll. (Although the Assistant Principal (Resources) may sign-off in the absence of the Director of Finance.)

**Approval may be given electronically (via email), by the appropriate authorizing person.**

The HR Manager will be responsible for keeping the Assistant Principal Resources & Finance informed of all matters relating to personnel for payroll purposes. In particular these include:

- appointments, resignations, dismissals, supervisions, 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 service for superannuation, income tax and national insurance.

The Assistant Principal Resources & Finance is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All sessional, casual and part-time employees will be included on the payroll.

The Assistant Principal Resources & Finance shall be responsible for keeping all records relating to payroll including those of a statutory nature.

All payments must be made in accordance with the college's **detailed payroll financial procedures** and comply with HMRC regulations.

#### **20.4 Superannuation schemes**

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

The Assistant Principal Resources & Finance is responsible for day-to-day superannuation matters, including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes
- administering the college's pension fund.

The Payroll Officer is responsible for administering eligibility to pension arrangements and for informing the Assistant Principal Resources & Finance when deductions should begin or cease for staff.

## **20.5 Travel, subsistence and other allowances**

All claims for payment of subsistence allowances, traveling and incidental expenses shall be completed in a form approved by the Assistant Principal Resources & Finance. The Expenses policy should be referred to when making a claim for expenses. This gives further detail on:

- Fixed mileage claims for CECAMM
- Relocation expenses
- Use of public transport and taxis.

Claims by members of staff must be authorised by their head of department (or Principal in the case of heads of department). The certification by the head of department shall be taken to mean that:

- the journeys were authorised (claims for less than 3 miles will not be paid)
- the expenses were properly and necessarily incurred
- the allowances are properly payable by the college
- consideration has been given to value for money in choosing the mode of transport

Arrangements for travel by the Principal or members of the Corporation shall be approved by the Chair of the Corporation. Arrangements for travel by the Chair shall be approved by the Chair of Audit Committee.

## **20.6 Overseas travel**

In Further Education colleges, all arrangements for overseas travel must be approved by the Principal in advance of committing the college to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Principal or members of the Corporation shall be approved by the Chair of the Corporation. Arrangements for travel by the Chair shall be approved by the Clerk to the Governors.

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

## **20.7 Allowances for members of the Corporation**

Claims for travel and subsistence will be paid, but only reasonable expenses can be reimbursed. Claims will be authorised by the Clerk to the Governors.

## **20.8 Severance and other non-recurring payments**

Severance payments shall only be made in accordance with relevant guidelines. On occasions it will be necessary to make alternative arrangements with staff. Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose. All such payments which are less than £20,000 (including any payment to a pension scheme) shall be authorised by the Assistant Principal Resources & Finance and calculations checked by the Director of HR and the Director of Finance. Payments in excess of £20,000 (including any payment to a pension scheme) shall be referred to the Principal to authorise. All such payments to be reported to the next meeting of the Audit Committee. Amounts paid should be declared in the financial statements if required by legislation or relevant legislation. These rules will not apply to senior post holders where the Chair of Governors will approve all such payments.

All matters referred to an employment tribunal shall be notified to the Assistant Principal Resources & Finance at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified to the Principal and the Chair of the Audit Committee.

# **21 Assets**

## **21.1 Land, buildings, fixed plant and machinery**

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

### **21.1a Laptops**

The purchase of laptops for staff will adhere to the following process:

- A standard spec for laptops will be provided to the Director of Finance by the 15<sup>th</sup> August annually (via the Head of IT). This will include the expected cost of a standard laptop.
- All purchase orders for staff laptops will be passed to the Director of Finance for approval, before purchasing.  
Any request for laptops will also include the names/positions of who the laptops are for.  
(If laptops are required for members of SMT, Clerk to the Corporation, or the Director of Finance, the Principal will also need to approve the purchase).
- If a laptop is required with a spec that does not adhere to the standard, a justification must be provided to the Director of Finance, to accompany the purchase order request.

### **21.2 Fixed asset register**

The Assistant Principal Resources & Finance is responsible for maintaining the college's register of land, buildings, fixed plant and machinery. Heads of department will provide the Assistant Principal Resources & Finance with any information he or she may need to maintain the register.

The Fixed Asset Register must include items donated or held on trust.

All donations of equipment must be reported to Finance by the Head of Department (giving all asset details), so that the Finance department may upload the asset to the asset register (if it meets the college capital threshold).

A regular Fixed Assets check (on a sample basis) will be undertaken by Finance.

### **21.3 Inventories**

Heads of department are responsible for maintaining inventories, in a form prescribed by the Assistant Principal Resources & Finance, for all plant, equipment, furniture and stores in their departments. The inventory must include items donated or held on trust.

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

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

#### **21.4 Stocks and stores**

Heads of department are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting in departments must have the approval of the Assistant Principal Resources & Finance. A maximum store value will be agreed which will not be exceeded.

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

Those heads of department whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Assistant Principal Resources & Finance and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the college's detailed financial procedures.

Sale of Scrap Materials and Stock– see policy at **Appendix N**

#### **21.5 Safeguarding assets**

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

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

#### **21.6 Personal use**

Assets owned or leased by the college shall not be subject to personal use without proper authorisation from the Assistant Principal Resources & Finance.

### **21.7 Asset disposal**

Disposal of equipment and furniture must be in accordance with procedures agreed by the Corporation and contained in the college's **detailed financial procedures 8.2**.

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.

No assets may be de-commissioned without the express approval of the Assistant Principal (Resources & Finance), through the documented use of the asset disposal procedure.

### **21.8 All other assets**

Heads of department are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the college, whether tangible (such as stock – see above) or intangible (such as intellectual property – see section 19), including electronic data.

## **22 Funds Held on Trust**

### **22.1 Gifts, benefactions and donations**

The Assistant Principal Resources & Finance is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the college and initiating claims for recovery of tax where appropriate.

### **22.2 Student welfare and access funds**

The Assistant Principal Resources & Finance will prescribe the format for recording the use of student welfare funds.

Records of access funds will be maintained according to funding body requirements.

### **22.3 Trust funds**

The Assistant Principal Resources & Finance 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.

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

### **22.4 Voluntary funds**

The Assistant Principal Resources & Finance 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 Assistant Principal Resources & Finance shall be entitled to verify that this has been done.

## **23 Other**

### **23.1 Insurance**

The Assistant Principal Resources & Finance is responsible for the college's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy (see section 7), 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 on an annual basis.

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

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

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

All staff using their own vehicles on behalf of the college shall maintain appropriate insurance cover for business use.

### **23.2 Companies and joint ventures**

In certain circumstances it may be advantageous to the college to establish a company or a joint venture to undertake services on behalf of the college. Any member of staff considering the use of a company or a joint venture should first seek the advice of the Assistant Principal Resources & Finance who should have due regard to guidance issued by the funding body.

Under the Learning and Skills Act 2000, a college needs the prior approval of the funding body before a company or a joint venture can be established. The Corporation is responsible for ensuring that the required procedures are followed. The process involved in forming a company or a joint venture and arrangements for monitoring and reporting on the activities of these undertakings are documented in the college's financial procedures.

It is the responsibility of the Corporation to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the college. These and other arrangements will be set out in a Memorandum of Understanding.

The directors of companies where the college is the majority shareholder must submit, an annual report to the Corporation. They will also submit business plans or budgets as requested to enable the committee to assess the risk to the college. The college's internal and external auditors shall also be appointed to such companies.

Where the college is the majority shareholder in a company, the funding body requires that the company's financial year must be consistent with that of the college.

### **23.3 Security**

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

An officer shall be responsible for maintaining proper security and privacy of information held on the college's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the General Data Protection Regulations 2016. A Data Protection Officer shall be nominated to ensure compliance with the Act and the safety of documents.

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

### **23.4 Use of the college's seal**

Where a deed or document requires the college's seal, it must be sealed by the Principal, in the presence of a member of the Corporation.

The clerk to the corporation is responsible for submitting report to the Corporation detailing the use of the college's seal since the last meeting.

### **23.5 Provision of indemnities**

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

### **23.6 Donations**

The College will not normally make charitable or other donations. Any request for a charitable donation should be submitted to the Principal for approval. Donations made should be reported to the Corporation on a quarterly basis.

## **24 Anti-Bribery Policy Statement**

**24.1** The College has a zero-tolerance for bribery and corruption. The College's reputation with the community it serves and other stakeholders is underpinned by ethical behaviour, financial probity and honesty. The College aims to limit its exposure to bribery by:

- Setting out a clear anti-bribery policy, which is proportionate to the risks that the College is exposed to;
- Embedding awareness and understanding of the College's anti-bribery policy amongst all staff, "associated persons" (any person performing services for or on behalf of the College), and external persons/organisations with whom the College has commercial relations;
- Training staff as appropriate so that they can recognise and avoid the use of bribery by themselves and others;
- Encouraging staff to be vigilant and to report any suspicion of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately;
- Rigorously investigating instances of alleged bribery in accordance with the College disciplinary procedure; and assisting the Police and other appropriate authorities in any resultant prosecution;
- Taking firm and vigorous action against any individual(s) involved in bribery.

**24.2** This policy applies to all employees and anyone acting for, or on behalf of, the College ("associated persons"), including governors, other volunteers, temporary workers, consultants and contractors.

All employees and associated persons are responsible for maintaining the highest standards of business conduct and are expected to behave honestly and with

integrity. Any breach of this policy will constitute a serious disciplinary offence, which may lead to dismissal and may become a criminal matter for the individual.

The College prohibits employees and associated persons from offering, giving, soliciting or accepting any bribe. The bribe might include cash, a gift or other inducement, to or from any persons or organisation, wherever they are situated, and irrespective of whether or not they are a public official/body or private person or company, by any individual governor, employee, agent or other person or body acting on the College's behalf. The bribe might be made in order to:

- Gain any commercial, contractual or regulatory advantage for the College in a way which is unethical;
- Gain any personal advantage, pecuniary, or otherwise, for the individual or anyone connected with the individual.

This policy is not intended to prohibit appropriate corporate entertainment and/or hospitality undertaken in connection with the College's business activities, provided the activity is customary under the circumstances, is proportionate, and is properly recorded/disclosed to the College in accordance with its procedures.

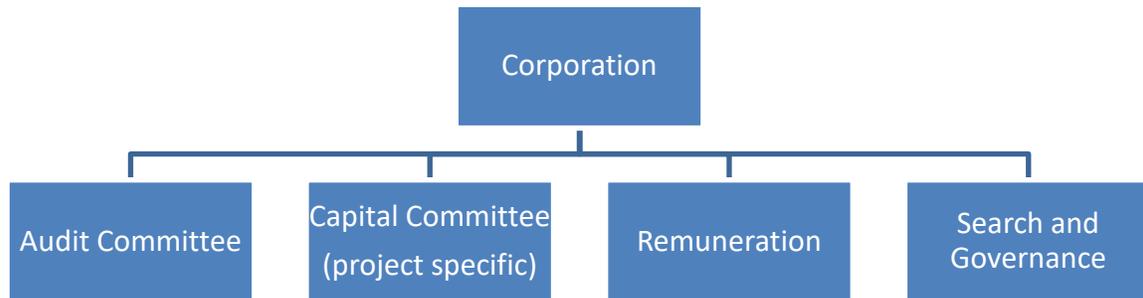
Employees and associated persons are requested to remain vigilant in preventing, detecting and reporting bribery. Employees and associated persons are expected to report any concerns regarding any suspected bribery in accordance with the College's procedures.

## **25 Appendices**

Appendix A	Committee Structure
Appendix B	Corporation Responsibilities
Appendix C	Audit Committee Terms of Reference
Appendix D	Key Contacts in the Finance Department
Appendix E	Main Features of the Public Interest Disclosure Act 1998
Appendix F	The Seven Principles of Public Life from the Report of the Committee for Standards in Public Life (The Nolan Report)
Appendix G	Summary of Protocols for Proposed Capital Expenditure
Appendix H	Summary of Protocols for Proposed Major Developments
Appendix I	Internal Audit Responsibilities
Appendix J	Fraud Response Plan
Appendix K	Anti-Fraud Checklist for Post-16 providers
Appendix L	Conditions of Contract for the Purchase of Goods
Appendix M	Main Points Included in the College's Code of Tendering Practice
Appendix N	Sale of Scrap Materials

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APPENDIX A: COMMITTEE STRUCTURE



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## APPENDIX B: CORPORATION RESPONSIBILITIES

- Ensuring that the college maintains proper accounts and related records.
- Ensuring that systems are in place for all employees and creditors to be paid by their due date and that such systems are effective.
- Ensuring that all income received is correctly accounted for and that income receivable is collected promptly.
- Receiving and commenting on the college's revenue and capital budgets.
- Ensuring that the requirement of the financial memorandum with the funding council to maintain financial solvency is fulfilled.
- Managing the college's investments.
- Overseeing
  - cash management and borrowing policies
  - the college's banking arrangements
  - the college's insurance arrangements.
- Any other matters as directed by the Corporation.

## DUTIES

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- To advise the Corporation on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors and any questions of resignation or dismissal of the external auditors.
- To discuss if necessary with the external auditors, before the audit begins, the nature and scope of the audit.
- To discuss with the external auditors problems and reservations arising from the interim and final audits, including a review of the management letter incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary).
- To consider and advise the Corporation on the appointment and terms of engagement of the internal audit service (and the Head of Internal Audit, if applicable), the provision of any non-audit services by the internal auditors and any questions of resignation or dismissal of the internal auditors.
- To review the internal auditors' audit needs assessment and the audit plan; to consider major findings of internal audit investigations and management's response; and to promote co-ordination between the internal and external auditors. The committee will ensure that the resources made available for internal audit are sufficient to meet the college's needs (or make a recommendation to the Corporation, as appropriate).
- To keep under review the effectiveness of internal control and risk management systems, and in particular to review the external auditors' management letter, the internal auditors' annual report, and management responses.
- To monitor the implementation of agreed audit-based recommendations, from whatever source.
- To ensure that all significant losses have been properly investigated and that the internal and external auditors, and, where appropriate, the ESFA

accounting officer, have been informed.

- To oversee the college's policy on fraud and irregularity, including being notified of any action taken under that policy.
- To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.
- To receive any relevant reports from the National Audit Office, the ESFA and other organisations.
- To monitor annually the performance and effectiveness of external and internal auditors, and to make recommendations to the Corporation concerning their reappointment, where appropriate.
- To consider elements of the annual financial statements in the presence of the external auditor, including the auditor's formal opinion, the statement of members' responsibilities and any corporate governance statement. This responsibility should be extended to include consideration of internal control and risk management statements.

## REPORTING PROCEDURES

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- The minutes (or a report) of meetings of the committee will be circulated to all members of the Corporation.
- The committee will prepare an annual report for the college's financial year. The report will be addressed to the Corporation and designated officer, summarising the activity for the year. It will give the committee's opinion on the extent to which the Corporation may rely on the internal control and risk management system and the arrangements for securing economy, efficiency and effectiveness. (This opinion should be based upon the information presented to the committee.) The Audit Committee annual report should normally be submitted to the Corporation before the members' responsibility statement in the annual financial statement is signed.

## CLERKING ARRANGEMENTS

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- The clerk to the Audit Committee will be the Clerk to the Corporation (or other appropriate independent individual).

**As described in the Post 16 Audit Code of Practice**

## INTRODUCTION

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- 1 The Finance Department is located in A Block

The Cashiers function in the Finance office is open between 11am and 1pm daily.

- 2 In order to obtain maximum benefit from the Finance Department, it is important to observe the published deadlines. The deadlines have been established in order to guarantee the delivery of particular services which might not otherwise be achievable.
- 3 The main services are listed on the following pages together with appropriate contact names. There is also a list at the end of the document which gives contact details for individual post-holders.

## EXCHEQUER SERVICES

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- 4 Exchequer services cover the following functions.

- 5 **Creditors payments.** This section pays amounts owed by the college other than payroll items. Payments are made mainly to suppliers of goods and services but the section also administers access funds and emergency loan payments to students and petty cash payments over £10. Payments can be made to any country and in most currencies.

For payments queries please contact the PURCHASE LEDGER CLERK on tel 2364.

- 6 **Income & Credit Control.** All income due to the college must be banked through the finance department. Payments are received by BACS, cheque, cash, credit cards or debit cards and can be in sterling or foreign currencies. Installment facilities are available for some categories of student in relation to their tuition fees. Overdue debts are pursued in consultation with departments and, where appropriate, outstanding debt is sent to a debt collection agency. Security

arrangements for cash in transit are made for transfers between financial services and the bank but not for internal transfers to financial services.

For income queries please contact the SALES LEDGER ADMINISTRATOR on tel 2261, and for credit control queries please contact the finance department on extension 2261 or 2269.

- 7 Payroll.** The college's Payroll system is managed by the Finance Department. For payroll queries please contact the PAYROLL OFFICER on tel 2318
- 8 Travel service.** On receipt of the appropriate request form, the finance department will provide the necessary travel warrant.
- 9 Insurance.** All aspects of insurance cover and claims are handled by the Campus Manager. Prompt notification of all losses by the use of the appropriate form is essential if claims are to be processed effectively. Failure to notify the police in cases of theft or criminal damage can also invalidate cover.

For insurance queries please contact the Assistant Principal Resources & Finance.

## FINANCIAL ACCOUNTING

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- 10** Many of the functions under this heading will not directly affect faculties and departments. They include maintenance of the accounting system, preparation of final and other accounts, tax returns, etc. Another such function relates to treasury management, which encompasses borrowing and lending, cash flow forecasting and management of the bank accounts. There are, however, several services which are for the specific benefit of users.
- 11 Other services rendered and projects.** Other services rendered and project numbers are allocated on receipt of proposal forms so that all income and expenditure can be matched to projects. Advice is available for the preparation of bids for projects, especially in relation to external funding. Arrangements are also made for vetting and auditing various grant claims. For queries relating to other services rendered and research contracts please contact the Assistant Principal Resources & Finance.

- 12 Use of system.** Advice and training is provided for users to access and use the data held in the accounting system. For queries relating to the operation of the accounting system please contact the management accountant on extension 2283
- 13 Major capital projects.** Assistance in the preparation of bids for funding, investment appraisals and monitoring of schemes are all included within the service. It is mandatory for the negotiation of funding packages to be carried out by finance department staff. For queries relating to capital schemes and grant claims please contact the Assistant Principal Resources & Finance.
- 14** Much of the work in this area is at a corporate level. This includes the preparation of the financial plan, consolidation and submission of planning data to the funding council, compilation of the detailed annual budget and production of comparative statistical data. The Assistant Principal Resources & Finance must also provide regular monitoring statements and financial advice to the Corporation and its committees.
- 15 Budget monitoring.** At department level, detailed management accounts are produced indicating performance against budget at cost centre and account code level. In accordance with strict procedures, budgets are constantly updated and users informed accordingly. All budget holders are able to receive regular visits from the management accountant to review performance by cost centre.

Monthly budget statements are issued to all budget heads, advising of actual spend versus budget. However, it is the budget managers' responsibility to regularly review the spend on their cost centres – which can be done by accessing the real-time budget information on the accounting system for each area.

For queries relating to cost centre reports or budgets please contact the Management Accountant tel. 2283.

- 16 Budget planning.** Advice is available for all budget managers for the purpose of the preparation of their business plans. This is particularly important in the area of other services rendered and project and grant contracts where markets can be volatile. For queries relating to budget planning please contact the Assistant Principal Resources & Finance.

## MANAGEMENT CONTROL

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- 17 Internal audit.** All colleges must have an independent internal audit function which operates in conjunction with the Audit Committee. The finance department is responsible for the receipt and co-ordination of responses to audit reports and for the implementation of Audit Committee projects.
- 18 Procedures and regulations.** Financial regulations and detailed financial procedures are maintained and disseminated by the finance department. Again, their existence is a funding body and Audit Committee requirement. For queries relating to management control matters please contact the Assistant Principal Resources & Finance.

## PURCHASING

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- 19** The purchasing function is generally devolved, with authority to purchase granted to budget holders within the threshold framework stipulated in the financial regulations. The Assistant Principal Resources & Finance is responsible for producing, advising on and co-coordinating the operation of the college's purchasing strategy, policy and procedures.
- 20 Contract development.** Commodity/service research; contract strategy; supplier appraisal and approval; supplier and contract management.
- 21 Tender process.** Production and issue of documentation; tender evaluation; contract award recommendations; European procurement directive application.
- 22 Operational issues.** Purchasing advice and guidance on the acquisition of goods/services; assistance with compiling specifications; quotations; sourcing of vendors; negotiations; maintenance of the purchasing manual and associated guide notes and the purchasing catalogue.
- 23 Purchasing consortium.** The college is a member of the Crescent Purchasing Consortium.
- 24** For all purchasing issues contact the Assistant Principal Resources & Finance.

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## APPENDIX E: MAIN FEATURES OF THE PUBLIC INTEREST DISCLOSURE ACT 1998

### SUMMARY

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The Act came into force on 2 July 1999. It encourages people to blow the whistle about malpractice in the workplace and is designed to ensure that organisations respond by acting on the message rather than against the messenger. The Act applies to employees blowing the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It applies whether or not the information is confidential and extends to malpractice occurring in the UK and any other country or territory. In addition to employees, it covers trainees, agency staff, contractors, home workers, trainees and every professional in the NHS. Employment law restrictions on minimum length of service and age do not apply. At present, the Act does not cover the genuinely self-employed, volunteers, the army, intelligence services or police officers. The Act has been described as ‘the most far reaching whistleblower protection in the world’.

### INTERNAL DISCLOSURES

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A disclosure in good faith to a manager or the employer will be protected if the whistleblower has a reasonable suspicion that the malpractice has occurred, is occurring or is likely to occur.

#### Regulatory disclosures

The Act protects disclosures made in good faith to prescribed bodies such as the Health and Safety Executive, the Financial Services Authority and the HMRC, where the whistleblower has a reasonable belief that the information and their allegation(s) are substantially true.

## WIDER DISCLOSURES

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Wider disclosures (e.g. to the police, the media, MPs, and non-prescribed regulators) are protected if, in addition to the tests for regulatory disclosures, they are reasonable in all the circumstances and they meet one of the three preconditions. Provided they are not made for personal gain, these preconditions are that the whistleblower:

- reasonably believed they would be victimised if they raised the matter internally or with a designated regulator
- reasonably believed a cover-up was likely and there was no regulator
- had already raised the matter internally or with a prescribed regulator.

An employee who makes a wide, public disclosure is more likely to be protected if there was no internal procedure set up.

## FULL PROTECTION

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Where the whistleblower is victimised in breach of the Act they can bring a claim to an employment tribunal for compensation. Awards are uncapped and based on the losses suffered. Additionally, where an employee is sacked, they may apply for an interim order to keep their job. Not all disclosures made by an employee are protected under the Act. Those that are include criminal acts, health and safety violations, breaches of legislation and miscarriages of justice. However, such acts are only protected as long as the disclosure is made in good faith to the employer, or any other person authorised under a procedure set up by the employer for this purpose. (Disclosures can also be made to appropriate regulatory bodies, such as the Health and Safety Executive.) Where an employee reasonably suspects malpractice (and this includes any crime), they will be protected from victimisation where they raise the matter in good faith with a person who is legally responsible for whistleblowing.

## QUALIFYING AREAS

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The qualifying areas consist of information that the employee reasonably believes tends to show one or more of the following matters is either happening now, took place in the past, or is likely to happen in the future:

- a criminal offence
- the breach of a legal obligation
- a miscarriage of justice
- a danger to the health or safety of any individual
- damage to the environment
- deliberate covering up of information tending to show any of the above five matters.

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APPENDIX F: THE SEVEN PRINCIPLES OF PUBLIC LIFE FROM  
THE REPORT OF THE COMMITTEE FOR  
STANDARDS IN PUBLIC LIFE  
(THE NOLAN REPORT)

**SELFLESSNESS**

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

**INTEGRITY**

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Holders of public office should not place themselves under any financial or other obligation to outside individuals or organizations that may influence them in the performance of their official duties.

**OBJECTIVITY**

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

**ACCOUNTABILITY**

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

## **OPENNESS**

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

## **HONESTY**

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

## **LEADERSHIP**

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

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APPENDIX G: SUMMARY OF PROTOCOLS FOR PROPOSED  
CAPITAL EXPENDITURE

Proposed capital projects should be supported by:

- A statement that demonstrates the project's consistency with the strategic plans and Estates Strategy approved by the Corporation.
- An initial budget for the project for submission to the SMT. The budget should include a breakdown of costs including professional fees, VAT and funding sources.
- A financial evaluation of the plans together with their impact on revenue plus advice on the impact of alternative plans.
- An investment appraisal in an approved format which complies with funding body guidance on option and investment appraisal.
- A demonstration of compliance with normal tendering procedures and funding body regulations. This will require careful consideration where partnership arrangements are in place.
- A cash flow forecast.

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## APPENDIX H: SUMMARY OF PROTOCOLS FOR PROPOSED MAJOR DEVELOPMENTS

The proposal should be supported by a business plan for three years which sets out:

- a demonstration of the proposal's consistency with the strategic plans approved by the Corporation and with the college's powers under current legislation
- details of the market need and the assumptions (based on reference data) of the level of business available
- details of the business and what product or service will be delivered
- an outline plan for promoting the business to the identified market and achieving planned levels of business
- details of the staff required to deliver, promote and manage the business, together with any re-skilling or recruitment issues
- details of any premises and other resources required
- a financial evaluation of the proposal together with its impact on revenue and surplus, plus advice on the impact of possible alternative plans and sensitivity analyses in respect of key assumptions
- contingency plans for managing adverse sensitivities
- consideration of taxation and other legislative or regulatory issues
- a three-year financial forecast for the proposal including a monthly cash flow forecast and details of the impact on the college cash flow forecast for the financial years in question.

More detail on these protocols can be found the college's Financial Procedures.

**AS ADVISED BY THE ESFA**

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Internal auditors will be required to adopt the Government Internal Audit Standards (GIAS).

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

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

## PURPOSE

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- 1 The purpose of this plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The use of the plan should enable the college to:
  - prevent further loss
  - establish and secure evidence necessary for criminal and disciplinary action
  - notify the funding body, if the circumstances are covered by the mandatory requirements of the audit code of practice
  - recover losses
  - punish the culprits
  - deal with requests for references for employees disciplined or prosecuted for fraud
  - review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud
  - keep all personnel with a need to know suitably informed about the incident and the college's response
  - inform the police
  - assign responsibility for investigating the incident
  - establish circumstances in which external specialists should be involved
  - establish lines of communication with the police.

## INITIATING ACTION

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- 2 All actual or suspected incidents should be reported without delay to the Assistant Principal Resources & Finance or the Chair of the Audit Committee. The Assistant Principal Resources & Finance or Chair of Audit should, within 24 hours, hold a meeting of the following project group to decide on the initial response:

- Assistant Principal Resources & Finance
  - the Chair of Audit
- 3 The project group will decide on the action to be taken. This will normally be an investigation, led by the Assistant Principal Resources & Finance

The decision by the project group to initiate a special investigation shall constitute authority to internal audit to use time provided in the internal audit plan for special investigations, or contingency time, or to switch internal audit resources from planned audits.

## **PREVENTION OF FURTHER LOSS**

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- 4 Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the project group will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspects. It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.
- 5 In these circumstances, the suspect(s) should be approached unannounced. They should be supervised at all times before leaving the college's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the college. Any security passes and keys to premises, offices and furniture should be returned.
- 6 Advice should be obtained on the best means of denying access to the college while suspects remain suspended (for example, by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly, access permissions to the college's computer systems should be withdrawn without delay.
- 7 Internal audit shall consider whether it is necessary to investigate systems, other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the college's assets.

## ESTABLISHING AND SECURING EVIDENCE

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- 8** A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The college will follow disciplinary procedures against any member of staff who has committed fraud. The college will normally pursue the prosecution of any such individual.
- 9** Internal Audit will:
- maintain familiarity with the college's disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation
  - establish and maintain contact with the police where appropriate
  - establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act
  - ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

## NOTIFYING THE FUNDING BODY

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- 10** The circumstances in which the college must inform the funding body about actual or suspected frauds are detailed in the funding body's audit code of practice. The Principal is responsible for informing the funding body of any such incidents.

## RECOVERY OF LOSSES

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- 11** Recovering losses is a major objective of any fraud investigation. Internal audit shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.
- 12** Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for

recovering losses through the civil court, where the perpetrator refuses repayment. The college would normally expect to recover costs in addition to losses.

## REFERENCES FOR EMPLOYEES DISCIPLINED OR PROSECUTED FOR FRAUD

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- 13** The staff handbook includes a requirement that any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to the Principal or a member of the Senior Management Team as designated by them. The Principal or a member of the Senior Management Team as designated by them shall prepare any answer to a request for a reference having regard to employment law.

## REPORTING TO GOVERNORS

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- 14** Any incident matching the criteria in the funding body's audit code of practice (as in paragraph 10 above) shall be reported without delay by the Principal to the Chairs' of both the Corporation and the Audit Committee.
- 15** Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the Chairs' of both the Corporation and the Audit Committee.
- 16** On completion of a special investigation, a written report shall be submitted to the Audit Committee containing:
- a description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud
  - the measures taken to prevent a recurrence
  - any action needed to strengthen future responses to fraud, with a follow-up report on whether or not the actions have been taken.

This report will normally be prepared by Internal Audit.

## REPORTING LINES

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- 17** The project group shall provide a confidential report to the Chair of the Corporation, the Chair of the Audit Committee, the Principal and the external audit partner at least monthly, unless the report recipients request a lesser frequency. The scope of the report shall include:
- quantification of losses
  - progress with recovery action
  - progress with disciplinary action
  - progress with criminal action
  - estimate of resources required to conclude the investigation
  - actions taken to prevent and detect similar incidents.

## RESPONSIBILITY FOR INVESTIGATION

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- 18** All special investigations shall normally be led by internal audit. Special investigations shall not be undertaken by management, although management should co-operate with requests for assistance from internal audit.
- 19** Some special investigations may require the use of technical expertise which internal audit does not possess. In these circumstances, the project group may approve the appointment of external specialists to lead or contribute to the special investigation.

## REVIEW OF FRAUD RESPONSE PLAN

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- 20** This plan will be reviewed for fitness of purpose at least annually or after each use. Any need for change will be reported to the Audit Committee for approval.

## Annex D: Anti-fraud checklist for post-16 providers

Fraud occurs in every sector and providers need to be aware of the potential

for it to occur. The 10 questions below are intended to help providers review their arrangements for preventing, detecting and dealing with fraud should it occur.

Arrangements will vary according to the size, structure and complexity of the provider.

- |  | Summary   |
|--|---|
| 1. Are directors / governors / trustees, accounting officer (if applicable) and chief financial officer (or equivalent) aware of the risk of fraud and their responsibilities about fraud?   | Responsibility and accountability embedded in the structure     |
| 2. Does the provider have a regularly reviewed counter fraud strategy, fraud risk assessment processes and a fraud response plan?  | Adopting a risk-based approach and a focus on prevention        |
| 3. Has the provider established systems and processes to respond quickly and effectively into allegations of suspected fraud, and responding to actual fraud when it arises?   | Realistic approach to resources supporting counter fraud        |
| 4. Does the provider engender an anti-fraud culture throughout the organisation, for example: a clear statement of commitment to ethical behaviour; fraud champion; focus on prevention; sound financial regulations (including segregation of duties); recruitment; disciplinary procedures; screening; training and induction? | Audit committee engagement                                      |
| 5. Is fraud risk included within the remit of the provider's audit committee?  | Assurance sought on effectiveness of counter fraud arrangements |
| 6. Is fraud risk considered within the provider's risk management process?   |   |
| 7. Does the provider have regularly reviewed policies on whistleblowing, declarations of interest and receipt of gifts and hospitality?  |   |
| 8. Is it clear how and to whom suspicions of fraud in the organisation or subcontractors should be reported, both within the provider, and externally (e.g. Action Fraud, external auditors, regulators, ESFA as necessary)?   |   |
| 9. Does the provider periodically evaluate the effectiveness of anti-fraud measures in reducing fraud?   |   |
| 10. Does the provider undertake 'lessons learned' exercises when suspected or actual fraud has taken place?  |   |

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APPENDIX L: CONDITIONS OF CONTRACT FOR THE  
PURCHASE OF GOODS

**LIST OF HEADINGS**

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- interpretation
- variation of conditions
- specification
- identification of goods
- packaging
- containers and pallets
- forms
- delivery
- property and risk
- rejection of goods
- default by contractor
- force majeure
- price and payment
- indemnity
- insurance
- transfer and sub-contracting
- patents, etc
- confidentiality
- inducements to purchase
- insolvency
- publicity
- law

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APPENDIX M: MAIN POINTS INCLUDED IN THE COLLEGE'S CODE  
OF TENDERING PRACTICE

- Duty to comply by the college's staff.
- EU directives to be complied with.
- 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 standards to be complied with.
- Quotation procedure, which will indicate:
  - the minimum number of firms that should be expected to provide quotations
  - 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). All tenders are to be addressed to the Clerk to the Governors or Assistant Principal Resources & Finance (Special arrangements may exist for capital build projects).

The Clerk of the Governors and the Assistant Principal Resources & Finance (or such other senior officers as the tender procedures shall specify) are to be present at all Tender Opening. Tenders are to be recorded in the Tender Register and the record signed by all persons present. The register should be kept by the Assistant Principal Resources & Finance.
- Receipt and safe custody of tenders and records. Original Tender documents are to be retained by the Assistant Principal Resources & Finance
- Admissibility and acceptance of tenders. Tenders received after the date and time requested should normally be returned unopened.
- Acceptance of tenders/quotations.
- Justification of acceptance of tenders not at the lowest price.

## Policy for the sale of scrap

### **1.1 Context and scope of the policy**

The policy refers to any scrap that is generated at any location that forms part of the College campus. Any scrap which is the property of The Isle of Wight College that is generated away from these locations may be subject to a separately agreed arrangement.

#### **1.1.1 What is meant by scrap**

The word scrap refers to any material that is generated from curriculum activity, building activity, repair or maintenance activity that cannot feasibly be stored or reused. Scrap does not reference items of equipment that have been procured through capital expenditure or other equipment that has a purchase value of less than £500. Disposal of these items is covered through separate procedure and practice such as the completion of an asset disposal form. If in any doubt an asset disposal form should be completed. Scrap may refer to disposal of consumables where a value may be attributed such as material for use as rags.

#### **1.1.2 Types of scrap**

Scrap may be placed in one of two categories, materials that have no scrap value or materials that have a scrap value. If in doubt the matter must be referred to the Head of Department who will determine a value through consultation or advertisement if it is felt the income from the scrap will be greater than the expenditure, for example in the case of bricks that cannot be reused in the curriculum. The determination of what is scrap should be carried out in

agreement with section teams, for example wood may be considered scrap if it does not exceed a certain length. This sub policy should be clearly documented.

## **2.1 Storage of scrap**

### **2.1.1 Scrap with no value**

In the case of scrap that is deemed to have no value skips are provided for the storage of specific materials in the vicinity of J block and CECAMM, for example wood, metal, and rubble that is suitable for use elsewhere. At no time should items deemed as scrap be left in the vicinity of the skips, all items should be placed in the skips. If this is not feasible separate arrangements for disposal should be made or the item broken up until it fits in the skip, for example in the case of roof joists.

### **2.1.2 Scrap with value**

In the case of scrap that is deemed to have a value which is monetary or otherwise separate containers will be provided and the scrap should be stored within the college buildings in a secure location. Scrap should be stored within the containers to a satisfactory level i.e. not overflowing.

## **3.1 Removal of scrap**

The authorisation to allow for the emptying of skips may only be approved by the Campus Health & Safety Manager. In the absence of this manager, this may only be approved by the Management Accountant. Under no circumstances should skips be emptied unless authorization has been obtained as detailed here.

Scrap that has no value will be removed by companies contracted through

Central Facilities. This will be carried out in a timely fashion and skips will not be allowed to overflow. In the event any individual considers that the skips are full the facility team will be informed directly by email and will organise the replacement of the skip.

Sales of scrap items to employees may be undertaken only if agreement has been received from the Principal. The process of selling the scrap will be agreed with the Assistant Principal Resources & Finance before any sales are undertaken.

Scrap that has a value will be removed by companies that have been pre-determined by the Head of Department or Head of Facilities on a time and date that is convenient to the Section. Designated persons within the Section will arrange for the removal of the scrap in a timely fashion. At no time will scrap with a value or otherwise be removed from college premises using private vehicles. Scrap will only be removed from college premises in college vehicles with the consent of the Head of Facilities.

#### **4.1 Payment for scrap**

##### **4.1.1 Scrap with no pre-determined value**

In the event that scrap with no expected value has a combined value such as the metal skip monies will be used to off set the collection cost. This will be evident and auditable through credit notes provided to The Isle of Wight College by the service provider.

##### **4.1.2 Scrap with a pre-determined value**

Upon collection of the scrap the service provider will issue a purchase order or

similar document to The Isle of Wight College which outlines the quantity of scrap collected by weight (at which the management accountant will be present) or other pre-arranged means and its value. The Head of Department will then instigate and invoice request (via the invoice request form, available on the staff portal) to be actioned by the finance department. Payment for scrap will not involve cash payment or any other form of payment that cannot be audited such as payment in kind. Scrap must not be disposed of in any other way than the processes described above, for example scrap material must not be given away. Teams should endeavour to secure the best price for scrap, for example in the case of metal contaminated metal has a lower price than metal which is not contaminated. In the case of scrap that has a value collection costs that are off set against the agreed price should be clearly stated by the service provider.

#### **4.1.3 Exceptional circumstance**

In the event that the collection costs exceed the value The Isle of Wight College financial regulations must be followed.

Where the proposed weight of the stock removed by the service provider is contested the estimation of the service provider will be taken in the absence of facilities at The Isle of Wight College to agree the weight of the scrap prior to removal.

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End