**Financial Regulations for**

**Accrington & Rossendale College**

Approved by Corporation Board

for immediate use

7th December 2017

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# FOREWORD

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

Financial regulations make good business sense and, for further and higher education colleges, they have additional significance as their grant funding depends upon it. The financial memoranda between funding bodies and the colleges they fund makes it a condition of grant that a college ensures that it has a sound system of internal financial management, and control and financial regulations are a core component of such a system. Similarly, funding body audit services are required to give an assurance that colleges have fully documented financial procedures in place and the funding body may withhold grant where this cannot be shown to be the case.

# TERMINOLOGY

Audit Committee

The committee of the Corporation Board which is independent of executive responsibility and advises the governing body on issues related to internal audit, financial statements audit, risk management and financial control. It is required to issue an annual report to the governing body which, *inter alia*, comments on the college’s system of internal control.

Budget Holder

A member of staff who has been assigned his or her own budget, and who is accountable to a college manager or a senior manager for it.

Vice Principal – Finance and Corporate Services

The Chief Financial Officer of the college.

Resources Committee

The Corporation Board committee which has some delegated responsibility for financial matters.

Funding Body

This term generally refers to the Education and Skills Funding Agency (ESFA), which provides funding as well as having a wider range of powers. The college also receives funding directly from the Higher Education Funding Council for England (HEFCE).

Governing Body

The Corporation Board is ultimately responsible for the affairs of the college.

Principal

The person with ultimate executive responsibility for the management of the college. The role of accounting officer, with specific financial and managerial duties, must be held by the Principal as the head of the college.

Executive Team

The collective term used to describe the Principal, Vice Principal (Finance and Corporate Services) and the Vice Principal (Curriculum and Quality), Assistant Principal (Finance and HR) and Assistant Principal (Higher Education and Business Development).

Senior Manager

The term used to describe a member of the Senior Leadership Team that assist the Executive Team in running the college.

# FINANCIAL REGULATIONS

## A General Provisions

### 1 Background

**1.1** The college is a further education corporation created under the provisions of the Further and Higher Education Act 1992. Its structure of governance is laid down in the instrument and articles of government, which may only be amended by application to the Secretary of State for Education. The college is accountable through its governing body, which has the ultimate responsibility for the effectiveness of its management and administration.

**1.2** The college is an exempt charity by virtue of the Charities Act 2011.

**1.3** The financial memorandum between the funding body and the college sets out the terms and conditions on which grant is made. The governing body is responsible for ensuring that conditions of grant are met. As part of this process, the college must adhere to the funding body’s audit code of practice, which requires it to have sound systems of financial and management control. The financial regulations of the college form part of this overall system of accountability.

### 2 Status of Financial Regulations

**2.1** This document sets out the college’s financial regulations. It translates into practical guidance the college’s broad policies relating to financial control. This document was approved by the Corporation on 7th December 2017. 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 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 governing body will be notified of any such breach through the Audit Committee. It is the responsibility of senior management to ensure that their staff are made aware of the existence and content of the college’s financial regulations.

**2.5** The Audit Committee is responsible for maintaining a continuous review of the financial regulations, through the Vice Principal (Finance and Corporate Services), and for advising the governing body of any additions or changes necessary.

**2.6** In exceptional circumstances, the Audit Committee may authorise a departure from the detailed provisions herein, such departure to be reported to the governing body at the earliest opportunity.

**2.7** The college’s detailed financial procedures set out precisely how these regulations will be implemented and are made available to all relevant members of staff.

## B Corporate Governance

### 3 The Governing Body

The governing body is responsible for the management and administration of the college. Its financial responsibilities are to:

● ensure the solvency of the college and the safeguarding of the college’s assets

● appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and other senior post-holders and Clerk to the Corporation

● set a framework for pay and conditions of service of all other staff

● ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the college are appropriate and sufficient to safeguard public funds

● approve the appointment of financial statements auditors and an internal audit service

● secure the efficient, 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 sufficient, taking one year with another, to meet its total expenditure

● approve an annual budget before the start of each financial year

● determine tuition fee policy

● 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.

### 4 Designated Officer

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 funding body. 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 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 financial forecasts submitted to the funding body.

### 5 Committee Structure

* 1. The governing body has ultimate responsibility for the college’s finances, but delegates specific powers and processes to the committees detailed below. These committees are accountable to the governing body.
  2. **Resources Committee (temporarily subsumed into Recovery Committee – see 5.3)**
  3. **Recovery Committee**The Recovery Committee has been established to review monthly progress against the College Financial Recovery Action Plan. The Committee may make recommendations to the Corporation Board and will also consider other matters members feel have impact on the College’s financial situation. The committee will remain in place until the College has achieved a sustained financial recovery and undertake the duty of the Resources Committee to monitoring of the college’s financial position. The committee will examine annual estimates and accounts (including the accounting policies upon which they are based) and make a recommendation to the governing body. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to the financial duties of the governing body and make recommendations accordingly. The committee will also ensure that the governing body has adequate information to enable it to discharge its financial responsibilities.
  4. **Audit Committee**The College is required by its Instruments and Articles of Government and its Financial Memorandum with the funding body (ESFA) to appoint an Audit Committee. The Audit Committee’s terms of reference encompass the model terms of reference set out in the Joint Audit Code of Practice, issued by the ESFA. The committee is independent, advisory and reports to the governing body. It has the right of access to obtain all the information it considers necessary and to consult directly with the financial statements and regularity auditors and any appointed internal auditors. With effect from August 2013, it is no longer mandatory under the Joint Audit Code of Practice to appoint an independent internal audit service. However, It is for each college corporation, on the advice of its audit committee, to determine for itself how best to fulfil its obligations to secure the proper, economic, efficient and effective use of resources and to safeguard the college’s assets. Positive opinions from an internal audit service may provide the Audit Committee with a degree of assurance that it had systems in place to meet its continuing statutory obligations. The committee is responsible for identifying and approving appropriate performance measures for financial statements and regularity audit and any internal audit and for monitoring their performance.
  5. **Remuneration Committee**  
     The Remuneration committee is responsible for considering pay and conditions of Senior Postholders and the Clerk to the Corporation. It has the power to make recommendations to the governing body on their remuneration, including pay and other benefits, as well as contractual arrangements.
  6. **Scholarship Charity Fund Committee**

The scholarship charity fund committee is responsible to the governing body for the administration and management of a number of educational charities in accordance with schemes made by the Charity Commission.

### 6. Other Senior Managers with Financial Responsibility

**6.1 The Assistant Principal (Finance and Human Resources)** Day-to-day financial administration is controlled by the Assistant Principal (Finance and Human Resources), who is responsible for:

● preparing annual capital and revenue budgets and financial plans

● preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations

● preparing the college’s annual accounts and other financial statements and accounts which the college is required to submit to other authorities

● ensuring that the college maintains satisfactory financial systems

● providing professional advice on all matters relating to financial policies and procedures

● day-to-day liaison with internal and financial statements auditors in order to achieve efficient processes.

**6.2 College Managers**College managers are responsible to the Principal for financial management for the areas or activities they control. They are advised by the Assistant Principal (Finance and Human Resources) in executing their financial duties. The Assistant Principal (Finance and Human Resources) will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. College managers 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 college manager for their own budget.

College managers shall provide the Assistant Principal (Finance and Human Resources) and the Vice Principal (Finance and Corporate Services) 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 staffshould be aware and have a general responsibility for the security of the college’s property, for avoiding loss and for due economy in the use of resources.

They should ensure that they are aware of the college’s financial authority limits and the values of purchases for which quotations and tenders are required (***see 17.3).***

They shall make available any relevant records or information to the Assistant Principal (Finance and Human Resources) and Vice Principal (Finance and Corporate Services) 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 (Finance and Human Resources) and Vice Principal (Finance and Corporate Services) with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the governing body.

They shall immediately notify the Vice Principal (Finance and Corporate Services) whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the college. The Vice Principal (Finance and Corporate Services) shall refer such matters immediately to the Principal (or in the absence of the Principal to the other senior post holders) who will 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 governing body has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the college through the development, implementation and embedment within the organisation of a formal, structured risk management process.

**7.3** In line with this policy, the governing body requires that the risk management strategy and supporting procedures include:

● the adoption of common terminology in relation to the definition of risk and risk management

● the establishment of college-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis

● a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes

● a decision on the level of risk to be covered by insurance (see 21.1)

● detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas

● development of risk management and contingency plans for all significant risks, to include a designated ‘risk owner’ who will be responsible and accountable for managing the risk in question

● regular reporting to the governing body of all risks above established tolerance levels

● an annual review of the implementation of risk management arrangements

The strategy and procedures must be capable of independent verification.

* 1. College managers must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the college may be exposed. The Principalship’s advice should be sought to ensure that this is the case.

**7.5** 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 (Finance and Human Resources) immediately.

An officer shall be responsible for maintaining proper security and privacy of information held on the college’s computer network, in accordance with the Data Protection Act 1998.

The Principal 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 Principal. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

### 8 Bribery and Corrupt Practices

**8.1** The College is committed to the highest standards of openness, integrity and accountability and seeks to conduct its affairs in a responsible manner. As a part of this ethos the College has a zero-tolerance for bribery and corrupt practices.

**8.2** Although the College’s activities present low risk of contravening the revised Bribery Act 2010, as its business is undertaken primarily in the United Kingdom, an offence of failing to prevent bribery can be avoided by demonstrating that adequate procedures are in place to prevent it.

**8.3** Procedures must be commensurate with the bribery risks faced. Management of this risk is the responsibility of the Vice Principal (Finance and Corporate Services) and is implemented through its inclusion in the Risk Management procedures, as detailed in **7** above, which are subject to regular reviews by the governing body.

## 

## C Financial Management and Control

### 9 Financial Planning

**9.1** The Assistant Principal (Finance and Human Resources) is responsible for preparing annually a rolling three-year financial plan for approval by the governing body on the recommendation of the Resources Committee and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plan and property strategy approved by the governing body.

**9.2 Budget Objectives**The governing body will, from time to time, set key financial objectives for the college. These will help the Assistant Principal (Finance and Human Resources) in preparing his or her more detailed financial plans for the college.

**9.3 Budget Preparation**The Assistant Principal (Finance and Human Resources) is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Resources Committee before submission to the governing body. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Vice Principal (Finance and Corporate Services) must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to heads of department as soon as possible following their approval by the governing body.

During the year, the Assistant Principal (Finance and Human Resources) is responsible for submitting revised budgets to the Resources Committee for consideration before submission to the governing body for approval.

**9.4 Capital Programmes**Thecapital 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 governing body.

The Vice Principal (Finance and Corporate Services) will establish guidelines for the inclusion of capital projects in the capital programme for approval by the governing body. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. They are shown in more detail in the financial procedures.

The Vice Principal (Finance and Corporate Services) 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 Vice Principal (Finance and Corporate Services) is responsible for providing regular statements concerning all capital expenditure to the Resources Committee for monitoring purposes.

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

**9.5 Overseas Activity**In planning and undertaking overseas activity, the college will have due regard to the relevant guidelines issued by the funding body and any further guidelines that the governing body may impose.

**9.6 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 presented for approval to the governing body (with prior review by the Resources Committee, where appropriate).

The Vice Principal (Finance and Corporate Services) will establish guidelines for the financial appraisal of these major developments to enable them to be considered for approval by the governing body. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet. They are shown in more detail in the financial procedures.

### 10 Financial Control

**10.1 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 senior manager for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the Assistant Principal (Finance and Human Resources) by the senior manager concerned and, if necessary, corrective action taken.

**10.2 Financial Information**The budget holders are assisted in their duties by management information provided by the Assistant Principal (Finance and Human Resources). The types of management information available to the different levels of management are described in the detailed financial procedures, together with the timing at which they can be expected.

The Assistant Principal (Finance and Human Resources)is responsible for supplying budgetary reports on all aspects of the college’s finances to the Resources Committee and to the governing body on a basis determined by the governing body but subject to any specific requirements of the funding body.

**10.3 Changes to the Approved Budget/ Virement**Changes to the approved budget which would result in a reduced overall budget target must be considered by the Resources Committee. Virement between different budget holders which does not affect the overall budget target requires approval by the Assistant Principal (Finance and Human Resources). Virement between budget heads managed by a single budget holder must be agreed by the Management Accountant.

**10.4 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 unless the Resources Committee has approved a specific scheme for carrying forward all or part of unspent amounts. Specific departmental consumables and equipment account balances may be carried forward with the approval of the Vice Principal (Finance and Corporate Services).

**11. Financial Conflicts of Interest**

### 11.1A Conflict of interest may arise when an action by an individual results in them (or their family) receiving financial or other benefits which have not been previously approved by the College and for which a conflict has or has not already been declared. e.g. potential financial advantage gained through awarding of contracts or other business arrangement. Refer to the Conflicts of Interest Policy.

### 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 financial statements are prepared in accordance with the historical cost convention.

**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 2015 (the 2015 FE HE SORP),* the *College Accounts Direction for 2015 to 2016* and in accordance with Financial Reporting Standard 102 – *“The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland”* (FRS 102).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the College’s accounting policies.

**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 renovation of buildings (including any costs of professional fees, VAT, etc.) which significantly affect their value, usefulness or expected lifetime are in general capitalisable, subject to application of the relevant accounting standards, whereas repairs and redecorations are not.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £1,500 or more. Grouped items (e.g. a suite of computers) with an individual value of less than £1,500 will also be capitalised. Capitalised assets other than land and buildings will be depreciated over an appropriate period of between 3 and 20 years commencing in the year of acquisition.

**12.5 Accounting Records**The Vice Principal (Finance and Corporate Services) 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 Vice Principal (Finance and Corporate Services) 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**Access to the College’s Financial Statements is available in a number of ways. Under the Corporation’s policy on “Publication of Agendas, Minutes and Papers” they are available for inspection during normal college office hours at the College Learning Resource Centres and the office of the Clerk to the Corporation. Further, under the Freedom of Information Act 2000, a copy can be supplied to individuals upon request. A reasonable charge may be made for this, to be determined by the Vice Principal (Finance and Corporate Services) to cover costs.

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

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

### 13 Audit Requirements

**13.1 General**Financial statements auditors and internal auditors shall have authority to:

● access college premises at reasonable times

● access all assets, records, documents and correspondence relating to any financial and other transactions of the college

● require and receive such explanations as are necessary concerning any matter under examination

● require any member of staff 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 Vice Principal (Finance and Corporate Services) is responsible for drawing up a timetable for final accounts purposes and will advise staff and the financial statements auditors accordingly.

The financial statements are subject to consideration by the Resources Committee and review by the Audit Committee. On the recommendation of the Resources and Audit Committees they will be submitted to the governing body for approval.

**13.2 Financial Statements Audit**The appointment of financial statements auditors for the main financial statements of the college is the responsibility of the governing body. The governing body will be advised by the Audit Committee.

The primary role of the financial statements 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 and the Auditing Practices Board’s statements of auditing standards.

**13.3 Internal Audit**The internal auditor is appointed by the governing body 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 governing body, the Principal and senior managers with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the governing body, Principal and Chair of the Audit Committee. The internal auditor will also comply with the Auditing Practices Board’s auditing guideline *Guidance for Internal Auditors.*

**13.4 Fraud and Corruption**It is the duty of all members of staff, management and the governing body to raise their concerns immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety, in accordance with the Fraud and Corruption Policy.

If the suspected fraud is thought to involve the Vice Principal (Finance and Corporate Services) and/or the Principalship, 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 governing body of the college is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the funding body, the National Audit Office, the Public Accounts Committee or other relevant bodies.

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

**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, HM Revenue and Customs and the Inland Revenue. They have the same rights of access as financial statements and internal auditors.

### 14 Treasury Management

**14.1 Treasury Management Policy**The Resources Committee is responsible for approving a treasury management policy statement 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 Resources Committee has a responsibility to ensure implementation, monitoring and review of such policies.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Vice Principal (Finance and Corporate Services) and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the college and shall conform to any relevant funding body requirements.

The Vice Principal (Finance and Corporate Services) will report to the Resources Committee 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 governing body is responsible for the appointment of the college’s bankers and other professional financial advisers (such as investment managers) on the recommendation of the Resources Committee. The appointment shall be for a specified period after which consideration shall be given by the Resources Committee to competitively tendering the service.

**14.3 Banking Arrangements**The Vice Principal (Finance and Corporate Services) is responsible, on behalf of the Resources Committee, for liaising with the college’s bankers in relation to the college’s bank accounts and payment instructions. All cheques shall be ordered on the authority of the Vice Principal (Finance and Corporate Services), who shall make proper arrangements for their safe custody.

Only the Vice Principal (Finance and Corporate Services) or a Senior Postholder 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 payments drawn on behalf of the college must be signed in the form approved by the Resources Committee, i.e. all cheques and automated payments must be signed by two persons from a list of approved postholders. Details of authorised persons and any limits shall be set out in the college’s detailed financial procedures.

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

### 15 Income

**15.1 General**The Assistant Principal (Finance and Human Resources) 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 Vice Principal (Finance and Corporate Services) or Assistant Principal (Finance and Human Resources).

Levels of charges for services rendered, goods supplied and rents and lettings are determined annually by the Assistant Principal (Finance and Human Resources). The Tuition Fee Policy will be determined annually by the governing body.

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

The Assistant Principal (Finance and Human Resources) 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 (Finance and Human Resources) is responsible for ensuring that all claims for funds, including 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 Management Accountant of sums due so that collection can be initiated.

**15.3 Receipt of Cash, Cheques and Other Negotiable Instruments**All monies received within departments from whatever source must be recorded by the department on a daily basis together with the form in which they were received.

All monies received must be paid to the cashier promptly, and in accordance with a timetable prescribed by the Management Accountant and set out in financial procedures. 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 Management Accountant.

**Internet receipts:** any member of staff wishing to arrange for payment to be made to the college by the internet should seek guidance from the Management Accountant.

**15.4 Collection of debts**The Management Accountant should ensure that:

● debtors invoices are raised promptly on official invoices, in respect of all income due to the college

● invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account

● any credits granted are valid, properly authorised and completely recorded

● VAT is correctly charged where appropriate, and accounted for

● monies received are posted to the correct debtors account

● prompt and effective action is taken in collecting overdue debts, in accordance with the guidelines noted in the financial procedures

● outstanding debts are monitored and reports prepared for management (to include any written off bad debts).

Only the Vice Principal (Finance and Corporate Services) can implement credit arrangements and indicate the periods in which different types of invoice must be paid. .

**15.5 Student Fees**The procedures for collecting tuition and other student related fees must be approved by the Assistant Principal (Finance and Human Resources). He or she is responsible for ensuring that all student fees due to the college are received.

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

**15.6 Student Loans**Appropriate records will be maintained to support all transactions involving student loans.

### 16 Other Income-Generating Activity

**16.1 Franchising and Partnerships**  
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) and be in place before any provision is made. Contracts for significant changes in franchising or partnership activity shall be approved in advance by the governing body.

The impact of the contract(s) shall be subject to scrutiny by the governing body. The format for regular reports shall be as stated in funding body guidance. The governing body 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 ambitions, the governing body shall approve the departure, and the Principal shall seek the views of and inform the funding body.

**16.2 European Union (EU) and other Matched Funding**Any such project requires the approval of the Principal or other designated senior manager prior to any commitment being entered into. Such approval shall be dependent upon the relevant project manager being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the college’s costing and pricing policy.

Individual applications for funds in excess of £100,000 shall be the subject of a report by the Principal to the governing body which will set out, amongst other things, the potential risks generated by the project.

If the college sub-contracts such work to external providers, the relevant project manager 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.

**16.3 Profitability and Recovery of Overheads**All other income-generating activities must normally be self-financing or surplus-generating unless agreed otherwise by the senior manager and the Assistant Principal (Finance and Human Resources).

Other income-generating activities organised by members of staff must be costed and agreed with the Assistant Principal (Finance and Human Resources) before any commitments are made. Provision must be made for charging both direct and indirect costs, in particular for the recovery of overheads.

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

**16.5 Additional Contributions to Departments**Distribution of profits on other income-generating activity between central funds of the college and individual departments will be determined by the Assistant Principal (Finance and Human Resources).

17 Intellectual Property Rights and Patents

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

**17.2 Patents**The 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.**17.3Intellectual 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.

### 18 Expenditure

**18.1 General**The Assistant Principal (Finance and Human Resources) is responsible for making payments to suppliers of goods and services to the college.

**18.2 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 Vice Principal (Finance and Corporate Services) and Assistant Principal (Finance and Human Resources) are responsible for:

● ensuring that the college’s procurement policy is known and observed by all involved in purchasing for the college

● advising on matters of college procurement policy and practice

● advising and assisting departments where required on specific departmental purchases

● developing appropriate standing supply arrangements on behalf of the college to assist budget holders in meeting their value for money obligations

● vetting all orders above £2,000 before they leave the college

TheVice Principal (Finance and Corporate Services) is responsible for:

* the drafting and negotiation of all large-scale purchase contracts (generally with a value of £25,000 or over) undertaken by the college, in collaboration with the responsible department

● ensuring that the college complies with EU regulations on public purchasing policy.

**18.3 Scheme of Delegation/Financial Authorities**Each college manager 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 Management Accountant shall maintain a register of authorised signatories and the relevant manager must supply specimen signatures of those authorised to order goods and services, and to certify invoices for payment.

The Vice Principal (Finance and Corporate Services) must authorise any changes to the authorities to commit expenditure.

Budget holders are not authorised to commit the college to expenditure without first reserving sufficient funds to meet the purchase cost.

Procurements through the CPC or Crown Commercial have already been tendered and are therefore compliant with EU Regulations and Public Contracts Regulations 2015. Procurements outside of these frameworks must adhere to current thresholds and legislation.

Levels of Authority are as follows:

Orders up to £2,000 Purchase requisition to be signed by approved budget holder. No specific requirement for competitive quotations.

From £2,000.01 to £3,000 Purchase requisition to be signed by a

member SMT. No specific requirement for competitive quotations.

From £3,000.01 to £10,000 Purchase requisition to be signed by a member of

SMT. Must be in receipt of at least three supplier quotations.

From £10,000.01 Purchase requisition to be signed by a member of the

to £24,999.99 Executive Team. Must be in receipt of at least three supplier quotations.

From £25,000.0 to £100,000 Purchase requisition to be signed by a member of the Executive Team. Must be a process of competitive tendering and a suitable form of purchase contract.

If a Government Framework is used for the procurement, for example, CPC, the ‘Contract Notice’ does not need to be on Contracts Finder however details of the ‘Contract Award’ must be published on Contracts Finder if £25,000 or over.

If the college is running its own tender, and chooses to advertise the opportunity in the public domain the ‘Contract Award’ must be published on Contracts Finder within 24 hours of the college advertising elsewhere

                                                  (advertising can include; published on your website, via Intend or another e-tendering portal, use construction line or similar approved supplier processes).

£100,000.01 or over Purchase requires prior approval of the governing

Body before being signed by a member of the Executive Team. Must be a process of competitive tendering and a suitable form of purchase contract.

If a Government Framework is used for the procurement, for example, CPC, the details of the ‘Contract Award’ must be published on Contracts Finder (as above)

If the college is running its own tender, the ‘Contract Notice; and the ‘Contract Award’ must be published on Contracts Finder as above.

Values over EU thresholds: The College must follow The Public Contract regulations 2015. Current Thresholds: supplies £164,176k, services £164,176k, works £4,104,394k.The issuing of multiple orders from the same supplier or purchasing via credit card or purchasing cards in order to avoid these authority levels is not permitted. These should be treated as part of a contract to which the above limits apply.

Purchase orders that are generated annually that do not commit the college to the total amount of the order must be authorised by the relevant Head (for example payments to exam boards) within the above framework.

**18.4 Tenders and Quotations**College managers and delegated budget holders must comply with the college’s tendering procedures. Only partnership arrangements specifically approved by the Resources Committee or the governing body (e.g. consortium contracts/suppliers on the approved list) for the supply of goods or services will fall outside these arrangements for tenders and quotations.

A rationale and supporting evidence must be provided when it is impossible to apply the tender and quotation procedures.

The main points covered by the college’s code of tendering practice may be subject to special rules imposed by funding bodies.

**18.5 Purchasing Methods**The ordering of goods and services shall be in accordance with the college’s detailed financial procedures/purchasing policies.

Official 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 transferring goods or services between departments, an interdepartmental transfer form must be used.

**18.6 EU Regulations**The Vice Principal (Finance and Corporate Services)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 Vice Principal (Finance and Corporate Services) will advise managers 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 senior managers to ensure that their members of staff comply with EU regulations by notifying the Vice Principal (Finance and Corporate Services) 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 Vice Principal (Finance and Corporate Services)is also required to submit to the funding body annually details on expenditure which exceeds the threshold.

18.7 **Payment of Invoices**  
Payments will only be made by the Assistant Principal (Finance and Human Resources) against invoices that can be matched to a receipted order or that have otherwise been certified for payment by the appropriate college manager or budget holder in accordance with financial procedures. The staff member who certifies the invoice for payment must be different from the staff member who placed the order.

18.8 Staff Expense Reimbursement  
From time to time, staff may incur expenses, e.g. travel and hospitality. Procedures for reimbursement are covered in financial procedures.

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.

The limits concerning acceptable expenditure for entertaining guests are set out in the college’s Corporate Hospitality Policy.

**18.9 College Credit Cards**Where appropriate, the Assistant Principal (Finance and Human Resources) may approve the issuing of college credit cards to college 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 (Finance and Human Resources) will be responsible for setting in place a system to monitor the use of college credit cards and account for expenses charged through them.

**18.10 Petty Cash**Where a single item is for 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 (Finance and Human Resources) 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.

**18.11 Electronic Payments**

All payments made electronically must be authorised by two nominated cheque signatories.

**18.12 Other Payments**Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Assistant Principal (Finance and Human Resources), supported by detailed claims approved by the relevant manager.

Individual payments under ‘franchising’ contracts shall be authorised by the Vice Principal (Finance and Corporate Services) or Assistant Principal (Finance and Human Resources). This authority shall be on the basis that the payment represents a bona fide element of the contract which has already been approved by the governing body.

### 19 Payroll Management

**19.1 Remuneration Policy**All college staff other than senior post holders and the Clerk to the Corporation will be appointed to the salary scales approved by the governing body and in accordance with appropriate conditions of service on the authorisation of the HR Manager. All letters of appointment and amendments must be issued by the HR office. Budget holders shall ensure that the Vice Principal (Finance and Corporate Services) and the HR Manager are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

Salaries and other benefits for Senior Postholders and the Clerk to the Corporation will be determined by the Remuneration Committee set up by the governing body.

**19.2 Salaries and Wages**The Assistant Principal (Finance and Human Resources)is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

The Assistant Principal (Finance and Human Resources) 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 Inland Revenue regulations.

**19.3 Superannuation Schemes**The governing body is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

The Assistant Principal (Finance and Human Resources)is responsible for day-to-day superannuation matters, including:

● paying contributions to various authorised superannuation schemes

● preparing the annual return to various superannuation schemes

The HR Manager is responsible for administering eligibility to pension arrangements and for informing the Assistant Principal (Finance and Human Resources) when deductions should begin or cease for staff.

### 20 Assets

**20.1 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 governing body and with reference to funding body requirements where government-funded assets or government funds are involved.

**20.2 Fixed Asset Register**The Assistant Principal (Finance and Human Resources) is responsible for maintaining the college’s register of land, buildings, fixed plant and machinery. College managers will provide the Assistant Principal (Finance and Human Resources) with any information he or she may need to maintain the register.

**20.3 Inventories**College managers are responsible for maintaining inventories for all plant, equipment, furniture and stores in their departments with a value in excess of £500. The inventory must include items donated or held on trust.

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

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

**20.4 Stocks and Stores**College managers 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 Management Accountant.

College managers 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 college managers whose stocks require valuation in the balance sheet must ensure that the stocktaking procedures in place have the approval of the Management Accountant and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the college’s financial procedures.

**20.5 Safeguarding Assets**College managers are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the Vice Principal (Finance and Corporate Services) in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

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

**20.6 Personal Use**Assets owned or leased by the college shall not be subject to personal use without prior authorisation.

**20.7 Asset Disposal**Disposal of equipment and furniture must be in accordance with procedures agreed by the Resources Committee and contained in the college’s financial procedures.

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

**20.8 All Other Assets**College managers are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the college, whether tangible (such as stock – see above) or intangible (such as intellectual property ), including electronic data.

### 21 Funds Held on Trust

**21.1 Gifts, Benefactions and Donations**The Assistant Principal (Finance and Human Resources)is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the college and initiating claims for recovery of tax where appropriate.

**21.2 Trust Funds**The Assistant Principal (Finance and Human Resources) is responsible for maintaining a record of the requirements for each trust fund and for advising the scholarship charity fund committee on the control and investment of fund balances.

The Scholarship Charity Fund Committee is responsible for ensuring that all the college’s trust funds are operated within any relevant legislation and the specific requirements for each trust. That committee is also responsible for investment of fund balances.

### Other

22.1 Insurance

The Vice Principal (Finance and Corporate Services) 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.

The Vice Principal (Finance and Corporate Services) is responsible for effecting insurance cover. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Director of IT & Facilities () will keep a register of all insurances affected by the college and the property and risks covered. They will also deal with the college’s insurers and advisers about specific insurance problems.

All staff using their own vehicles on behalf of the college shall maintain appropriate insurance cover for business use. This, alongside valid MOT and car tax, will be verified by line managers annually.

**22.2 Companies and Joint Ventures**In certain circumstances it may be advantageous to the college to establish a company or a joint venture to undertake services on behalf of the college. Any member of staff considering the use of a company or a joint venture should first seek the advice of the Vice Principal (Finance and Corporate Services), who should have due regard to guidance issued by the funding body.

Following the enactment of the Education Act 2011, colleges no longer require the prior approval of the funding body before a company or a joint venture can be established. The process involved in forming a company or a joint venture and arrangements for monitoring and reporting on the activities of these undertakings will be established by the Vice Principal (Finance and Corporate Services) as necessary. It is the responsibility of the governing body to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the college. These and other arrangements will be set out in a memorandum of understanding.

The directors of companies where the college is the majority shareholder must submit, via the Resources Committee, an annual report to the governing body. They will also submit business plans or budgets as requested to enable the committee to assess the risk to the college. The college’s internal and financial statements auditors shall also be appointed to such companies.

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