



HEART OF
WORCESTERSHIRE
COLLEGE

Financial Regulations

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FINANCIAL REGULATIONS FOR HEART OF WORCESTERSHIRE COLLEGE

1 INTRODUCTION

1.1 BACKGROUND

Heart of Worcestershire College is a Further Education Corporation created under the provisions of the Further and Higher Education Act 1992. Its structure of governance is laid down in the Instrument and Articles of Government. The College is accountable through its Corporation, which has ultimate responsibility for the effectiveness of its management and administration.

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

The Financial Memorandum between the funding agency 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 agencies **Post-16 Audit Code of Practice**, which requires it to have sound systems of financial and management control. The financial regulations of the College form part of this overall system of accountability.

1.2 TERMINOLOGY

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

The Principal – the person with the ultimate executive responsibility for the management of the College. The Principal is the Chief Executive and Accounting Officer to the Education and Skills Funding Agency.

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

Budget Holder – Functional Head of Department, Curriculum, Quality and Resource Manager or **Curriculum, Quality and Resource Director** who has been assigned his or her own budget and is accountable to a budget controller for the management of that budget.

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

Vice Principal – Corporate and Resources – the chief financial officer of the College.

ESFA – The Education and Skills Funding Agency.

2 STATUS OF FINANCIAL REGULATIONS

This document sets out the College's Financial Regulations. It translates into practical guidance the College's broad policies relating to financial control. This document was approved by the Corporation on **17 July 2018** it applies to the College and all its subsidiary undertakings where they exist.

These Financial Regulations are subordinate to the College's Instrument and Articles of Government and to any restrictions contained within the College's Financial Memorandum with the **Secretary of State for Education acting through the Education and Skills Funding Agency** and the **Post-16 Audit Code of Practice**.

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

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

Terms of Reference of the Audit Committee include a review of the Financial Regulations and advising the Corporation of any additions or changes necessary. However, changes to the Regulations

reflecting changes in the College's accounting and management structure can be made by the approval of the Principal. Ultimate responsibility for ensuring compliance with the Financial Regulations rests with the Principal in his position as Accounting Officer.

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

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

Heart of Worcestershire College
Osprey House
Albert Street
Redditch
B97 4DE

3 **FINANCIAL CONTROL**

3.1 **THE CORPORATION**

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

- ensuring the solvency of the College and the safeguarding of the College's assets;
- appointing, grading, suspending, dismissing and determining the pay and conditions of service of the Principal, other Senior Post Holders and the Clerk to the Corporation;
- approving a framework for pay and conditions of service of all other staff;
- ensuring 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;
- approving the appointment of external auditors and an internal audit service;
- securing the effective and efficient use of resources;
- ensuring that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution;
- planning and conducting 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;
- approving an annual budget before the start of each financial year;
- setting the policy for determining tuition fees;
- approving the annual financial statements.

3.2 COMMITTEE STRUCTURE

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

3.2.1 Audit Committee

Colleges are required by their financial memorandum with the funding agency and the Post-16 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 A. The audit requirements of the College are set out in the funding agencies Post-16 Audit Code of Practice.

3.2.2 Remuneration Committee

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

3.2.3 Governance and Search Committee

Responsible for advising the Corporation on the appointment of Members other than Staff and Student Members, it also advises the Corporation on the arrangements for Corporation self-assessment.

3.2.4 Students Association / Union

The Students Association/Union shall conduct and manage its own affairs and funds within the framework of the Education Act 1994 and in accordance with a constitution approved by the Corporation. No amendment to or rescission of the constitution in part or in whole, shall be valid unless and until approved by the Corporation. The Students' Association will present accounts annually to the Corporation.

3.2.5 Task and Finish Group

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

3.3 RESPONSIBILITY OF MANAGEMENT

3.3.1 The Principal

The Principal is the College's designated accounting officer and is responsible for the financial administration of the College's affairs in accordance with the Financial Memorandum with the funding agency. 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.

As Accounting Officer the Principal is responsible for preparing an annual estimate of income and expenditure, for consideration and approval by the Corporation.

The Principal shall demonstrate his management of financial matters by signing the Balance Sheet and the Statement of Corporate Governance within the Annual Financial Statements, and the Principal's Statement of the Financial Forecast submitted to the ESFA.

3.3.2 The Vice Principal – Corporate and Resources

Day to day financial administration is controlled by the Vice Principal – Corporate and Resources who is responsible to the Principal for:

- advising on financial strategy;
- preparing annual capital and revenue budgets and financial plans;
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;
- preparing the College's annual accounts for submission to the **ESFA** and any 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 Regulations and Procedures;
- issuing and keeping up to date, detailed Financial Procedures for the implementation of these Financial Regulations;
- day-to-day liaison with internal and external auditors in order to achieve efficient processes.

3.3.3 Budget Controllers – Member of the Senior Leadership Team

Directors and Assistant Principals who are members of the Senior Leadership Team are responsible to the Principal for the strategic management of budgets within their control.

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

3.3.4 Budget Holders – Heads of Department, Directors and Assistant Principals

CRQ Directors, CRQ Managers and Heads of Department are responsible to **Budget Controller** for financial management for the areas or activities they control. They are advised by the Director of Finance in executing their financial duties. The Director of Finance will also supervise and approve the financial systems operating within their departments, including the form in which any accounts and financial records are kept. **Budget Holders** are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved further to departmental staff, they are accountable to their **Budget Holders** for their own budget.

Budget Holders shall provide the Vice Principal – Corporate and Resources with such information as may be required to enable:

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

3.3.5 All members of staff

All members of staff should be aware and have a general responsibility for the security of the College's property, for avoiding loss and for due economy in the use of resources. They should ensure that they are aware of the College's financial authority limits and the values of purchases for which quotations and tenders are required.

They shall make available any relevant records or information to the Vice Principal – Corporate and Resources 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 Vice Principal – Corporate and Resources with such financial and other information, as he or she may deem necessary, from time to time, to carry out the requirements of the Corporation.

They shall immediately notify the Vice Principal – Corporate and Resources and Director of Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter

alias, cash or property of the College. The Vice Principal – Corporate and Resources shall take such steps, as she considers necessary by way of investigation and report.

3.4 **PLANNING AND BUDGETING**

3.4.1 Financial Planning

The Vice Principal – Corporate and Resources is responsible for preparing annually a Financial Forecast, in accordance with the **ESFA** requirements, for approval by the Corporation and for submitting this document to the funding **agency**. Financial plans should be consistent with the Strategy approved by the Corporation.

3.4.2 Resource Allocation

Resources are allocated annually by the Corporation.

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

3.4.3 Budget Preparation

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

3.4.4 Capital Programmes

The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs, (whether or not they are funded from capital grants), which fit the College's capitalisation criteria.

The Vice Principal – Corporate and Resources will establish protocols for the inclusion of capital projects in the capital programme. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. They are shown in more detail in financial procedures.

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

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

The Director of Finance is responsible for providing regular statements concerning all capital expenditure to Corporation for monitoring purposes.

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

3.4.5 Budgetary Control

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

Significant departures from agreed budgetary targets must be reported immediately to the Director of Finance and, if necessary, arrangements for corrective action taken.

3.4.6 KPI's and Management Accounts

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

The **KPI's** and Managements Accounts pack should address all aspects of the College's finances with an income and expenditure account, a balance sheet and a twelve month rolling cash flow forecast. Variances and a forecast out-turn should also be included. There should be adequate written commentary on variances and other developments.

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

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

3.4.7 Virement

Budget Heads

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

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

Virement powers are delegated to budget holders;

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

A budget controller must approve all virements or connected series of virements in excess of £1,000.

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

3.4.8 Amendments to Budget Income or Expenditure

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

3.4.9 Overseas activity

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

3.5 ACCOUNTING POLICIES

3.5.1 Financial year

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

3.5.2 Basis of Accounting

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards and the Statement of recommended practice Accounting for further and higher education 2015 (SORP)

3.5.3 Format of the Accounts

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

3.5.4 Basis of Consolidation

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

3.6 ACCOUNTING RETURNS

The Vice Principal - Corporate and Resources is responsible for ensuring the submission of financial returns and other periodic financial reports to the **ESFA** and other agencies as required. The Director of Finance is also responsible for ensuring that all grants notified by the **ESFA** and other bodies are received.

3.7 ACCOUNTING RECORDS

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

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

- official purchase orders
- paid invoices (*Dispensation to be obtained)
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- a complete record of transactions for each year from the computerised accounting system
- payroll records, including hourly paid lecturers' contracts.

The Director of Finance will make appropriate arrangements for the retention of electronic records.

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

3.8 CAPITALISATION AND DEPRECIATION

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

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

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £1,500 or more and the asset has a useful life greater than 12 months.

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

Capitalised assets will be depreciated over the useful economic life of the asset as defined in financial procedures, commencing in the year of acquisition.

Depreciation rates used are appropriate for the useful economic life of the asset. The College uses the following rates.

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

3.9 GOVERNMENT GRANTS

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

The Director of Finance is responsible for ensuring the correct accounting treatment of Government Grants in line with this policy choice.

3.10 PUBLIC ACCESS

Under the terms of the Charities Act 1993, the Corporation is required to supply any person with a copy of the College's most recent Financial Statements within two months of a request. The Act enables the Corporation to levy a reasonable fee and this will be charged at the discretion of the Vice Principal. The College will also allow members of the public to inspect the Finance Statements during normal working hours and make a summary available on the College's website.

3.11 FINANCIAL PROCEDURES

The Director of Finance shall ensure that up to date Financial Procedures for both budget management and financial systems are available to staff to ensure the efficient and effective management of the finance function. The Financial Procedures shall be subject to approval by the **Senior Leadership Team**.

3.12 AUDIT REQUIREMENTS

3.12.1 General

External auditors and internal auditors shall have authority to:

- access College premises at reasonable times;
- access all assets, records, documents and correspondence relating to any financial and other transactions of the College;

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

The Director of Finance is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

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

3.12.2 External audit

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

The primary role of 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 agency's **Post-16 Audit Code of Practice** and the Auditing Practices Board's statements of auditing standards.

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

3.12.3 Internal audit

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

The main responsibility of internal audit is to provide the Corporation, the Principal and Senior Leadership Team 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 internal auditor will comply with the Auditing Practices Board's auditing guideline Guidance for Internal Auditors.

4 COMPANIES AND COMMERCIAL ACTIVITIES

4.1 COMPANIES AND JOINT VENTURES

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

The Corporation is responsible for approving the establishment of companies (or joint ventures) and the procedure to be followed in order to do so. The process involved in forming a company and arrangement for monitoring and reporting on the activities of subsidiary undertakings will be in the first instance the responsibility of the Corporation. The Corporation has the power to direct that these matters are considered by any other appropriate committee.

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

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

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

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

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

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

4.2 **INTELLECTUAL PROPERTY RIGHTS AND PATENTS**

4.2.1 General

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

4.2.2 Patents

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

4.2.3 Intellectual Property Rights

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

5 **INCOME AND BANKING**

5.1 **GENERAL**

The Vice Principal - Corporate and 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 or other official documents in use and electronic collection systems must have the approval of the Vice Principal - Corporate and Resources.

Levels of tuition fees, services rendered, good supplied and rents and listings are procedures approved by the Principal.

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

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

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

5.2 APPOINTMENT OF BANKERS

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

5.3 BANKING ARRANGEMENTS

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

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

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

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

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

Any changes to the bank mandate must be authorised by the Corporation. The Director of Finance is responsible for updating the bank mandate immediately if a signatory leaves the College.

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

Where required, overdraft or loan facilities shall be arranged only on the specific direction of the Corporation.

5.4 RECEIPTS OF CASH AND OTHER NEGOTIABLE INSTRUMENTS

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

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

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

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

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

5.5 THE COLLECTION OF DEBTS

The Director of Finance shall ensure that:

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

Only the Principal, Vice Principal - Corporate and Resources, Director of Finance or **Finance Manager** can agree instalment arrangements outside of those standard arrangements detailed in the College Fees Policy and indicate the periods in which the invoice must be paid.

The Vice Principal – Corporate and Resources or Director of Finance may authorise the write off of a debt under £1000 and the Principal may authorise the write off of a debt not exceeding £10,000. Any debt above £10,000 that becomes doubtful or unlikely to be collected shall be referred to the Chair or Vice Chair of the Corporation for a decision on action to be taken.

5.6 FEES POLICY

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

The Corporation will approve the Fees Policy annually.

The Director of Funding, Data and External Contracts will be responsible for maintaining an accurate auditable record of students attending courses and for making this information available in a form that facilitates collection.

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

Any student who has not paid an account for fees or any other item owing to the College shall not receive the certificate for any degree, diploma or other qualification awarded by the College until all outstanding debts have been cleared. Such students shall be prevented from re-enrolling at the College and from using any of the College's facilities unless appropriate arrangements have been made.

5.7 FUNDING

The Assistant Principal – Information Systems and Student Experience and **The Director of Funding, Data and External Contracts** are responsible for ensuring that the Senior Leadership Team and the Corporation receive regular, timely and accurate reporting of key student numbers and funding data.

It is the duty of all staff involved in the enrolment of learners to comply with College procedures, and to ensure the accurate completion of enrolment forms and their timely submission to the **Director of Funding, Data and External Contracts**.

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

5.8 MAXIMISATION OF INCOME

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

5.9 LEARNER SUPPORT FUNDS AND BURSARIES

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

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

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

5.10 OTHER INCOME GENERATING ACTIVITIES

5.10.1 Income Generating Activities

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

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

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

5.10.2 Sub-contracting and Partner Delivery

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:

- Contracts for Sub-contracting and Partner Delivery shall be approved in advance by the Corporation and will be in line with funding agency guidance and limits.
- There shall be a contract signed by the Principal and on behalf of any partner organisation that shall comply at least with the funding agency model contract (as amended from time to time), and is in place before any provision is made.
- Contracts will not exceed 12 months in any period up to 31 July in any year.
- The impact of the contract(s) shall be subject to scrutiny by the Corporation. The Corporation will receive regular reports on Sub-contracting and Partner Delivery activity. 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 agency.

5.10.3 ESFA Regulations for Sub-contracted provision

The Financial Memorandum Further Education Colleges 2017/18 states:

Where the College sub-contracts or intends to sub-contract any duties or obligations arising out of this Financial Memorandum the College must provide the ESFA with details of all sub-contractors bi-annually, by fully and accurately completing the Declaration of Subcontractors form in accordance with the deadline set out in the Funding Rules. If the College is not sub-contracting then a nil return must be received by the deadline date. The College must notify the ESFA of any within year changes to its sub-contractors. The ESFA reserves the right to require the College not to enter into or to terminate any sub-contract to deliver the Provision under this Financial Memorandum.

The College must comply with the requirements on sub-contracting delivery of the Provision set out in the Funding Rules as amended and updated. Sub-contracting any part of the delivery of the Provision shall not relieve the College of any obligation or duty attributable to them under this Financial Memorandum. The College is responsible for all the actions of its sub-contractors connected to or arising out of the delivery of the Provision which it sub-contracts.

The delivery of Provision under this Financial Memorandum may only be sub-contracted to one level unless otherwise specified in the Funding Rules when the College must obtain the consent of the ESFA in writing.

Where the College has sub-contracted any duties or obligations arising out of this Financial Memorandum, the College shall ensure that there is in place a legally binding sub-contract and send copies of the sub-contract to the ESFA if requested in writing to do so. Where the College enters into a sub-contract for the purpose of delivering the Provision, the College shall ensure that the sub-contract requires the sub-contractor to comply with the conditions of this Financial Memorandum and includes any terms specified in the Funding Rules.

The College shall ensure that any sub-contract entered into for the purpose of delivering the Provision under this Financial Memorandum contains a term providing that the ESFA has the right to enforce the terms of the sub-contract.

The College shall ensure that subcontractors are selected fairly and have sufficient capacity, capability, quality and financial standing to deliver the Provision.

The College shall make payment to any sub-contractor within 30 days of receiving a valid claim for payment and ensure that any sub-contract entered into for the purpose of delivering the Provision under this Financial Memorandum contains a term giving effect to this requirement.

Where the College enters into sub-contracts for the purpose of delivering the Provision under this Financial Memorandum with an aggregate value of £100,000 or more in any one year, it must obtain an annual report from its external auditors which provides assurance on the arrangements that the College has in place to manage and control its sub-contractors. The report must comply with the guidance issued from time to time by the ESFA. The College must supply the ESFA with a certificate signed by its external auditors and an authorised signatory confirming it has received a report providing satisfactory assurance. The ESFA reserves the right to require the College to provide a copy of the full report and any associated action plan resulting from recommendations made by their external auditor.

The College may not assign any duties or obligations under this part of the Financial Memorandum without the consent of the ESFA.

The College must consider the criteria set out in the Funding higher-risk organisations and subcontractors document which is published on the ESFA's website.

In line with ESFA requirements the College will produce a Supply Chain Fees and Charges Policy annually.

5.10.4 European Social Fund (ESF) and other matched funding

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

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

If the College sub-contracts such work to external providers, the relevant **Budget Controller** 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.

6 OTHER GRANTS AND CONTRACTS

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

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

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

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

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

7 EXPENDITURE

7.1 GENERAL

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

7.2 AUTHORITIES

The Budget Holder is responsible for purchases up to £1,000 in their department, purchases in excess of this amount and up to £5,000 must be approved by the budget controller. The Vice Principal or Director of Finance will in addition approve expenditure between £5,000 and £50,000 as detailed in Schedule 1.

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

The Director of Finance shall maintain a register of authorised signatories and specimen signatures of those approving transactions. The Director of Finance must be notified immediately of any changes to the authorities to commit expenditure.

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

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

7.3 **PETTY CASH**

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

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

Requisitions for reimbursement of floats must be presented to the Finance Office, together with appropriate receipts or vouchers, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.

The member of staff granted a float is personally responsible for its safe keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the College's insurers when not in use, and will be subject to periodic checks by the Finance Department.

At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter signed by the Budget Holder or **Budget Controller**.

7.4 **PROCUREMENT**

The College requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice. Budget holders should have regard to value for money in the purchase of all items. They are responsible for ensuring the purchase is necessary and that the cost can be met from within their budget. Deliberate miscoding of expenditure to another budget holders budget is not allowed.

The Director of Finance is responsible to the Vice Principal – Curriculum and Resources for:

- ensuring that the College's purchasing policy is known and observed by all involved in purchasing for the College;
- advising on matters of College purchasing policy and practice;
- advising and assisting departments where required on specific departmental purchases;
- developing appropriate standing supply arrangements on behalf of the College to assist budget holders in meeting their value for money obligations;
- vetting all orders before they leave the College;
- assisting in the drafting and negotiation of all large-scale purchase contracts (generally in excess of **£50,000**) undertaken by the College, in collaboration with the responsible department, Vice Principal and **Procurement Officer**;

- ensuring College compliance with EU regulations on public purchasing policy.

7.5 PURCHASE ORDERS

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

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

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

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

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

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

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

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

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

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

7.6 PURCHASING – TENDERS AND QUOTATIONS

7.6.1 Limits and Requirements

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

Value of Purchase	Requirement
Up to £5,000	The budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained.
£5,000 - £49,999	The budget holder shall be required to obtain at least 3 quotations, including one from an approved purchasing consortia (if a consortia is able to supply the required goods or service).
£50,000 and over	All items will require competitive tenders. Tenders must be considered at the meeting of a Tender Committee comprising two of the Principal,

	Vice Principal and Director of Finance, the Budget Holder responsible for the purchase will also attend.
Above £100,000	All items will require competitive tenders. Tenders must be considered at the meeting of a Tender Committee. The Chair or Vice Chair of the Corporation must be made aware of such a meeting and may at his/her discretion, attend or delegate such a role to member of the Corporation. Minutes of decisions agreed should be provided to the next Corporation meeting.
Above £500,000	All items will require competitive tenders. Commitments must be approved by Corporation in addition to the Tender Committee.

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

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

The main points concerning tendering are contained in schedule 2.

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

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

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

The Director of Finance will maintain a register of tenders to record all supplies and services tendered by the College.

7.6.2 Post-tender negotiations

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

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

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

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

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

7.6.3 EU Directives on procurement

The Vice Principal – Corporate and Resources 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 Director of Finance will advise **Budget Holders and Budget Controllers** on the thresholds that are currently in operation. These are detailed in Financial Procedures section 4.4.14. A breach of these EU regulations is actionable by a supplier or potential supplier.

It is the responsibility of **Budget Holders and Budget Controllers** to ensure that their members of staff comply with EU regulations by notifying the Director of 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 Union (OJEU).

The Vice Principal – Corporate and Resources is required to annually report details on expenditure that exceeds the threshold. Assistant Principals, Directors and Heads of Department must provide copies of the relevant documentation falling into this category to the Director of Finance.

7.7 **CONTRACTS**

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

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

All contracts entered into must be authorised as **specified in Schedule 1 of these Regulations** with a copy of the approved contract submitted to the Finance Departments for inclusion in the College Contracts Register.

Proposals will normally be initiated by the **Head of Facilities and Contract Management, IT Operations Manager of IT Desk-top Manager** in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments.

Major building contracts will be reviewed by the Corporation and are administered by the Vice Principal – Corporate and Resources and **Head of Facilities and Contract Management**.

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

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

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

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

7.8 PAYMENT OF INVOICES

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

Payments to UK suppliers will normally be made weekly by BACS transfer or by computer cheques. In exceptional circumstances the **Finance Manager** will arrange manual cheques or **Faster Payments** for urgent payments.

Budget Holders and Budget Controllers are responsible for ensuring that expenditure within their departments does not exceed funds available.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Finance Department, Invoices should not be sent to any other College department. Invoices will be scanned by the finance department on receipt and electronic images made available to the relevant department for electronic authorisation.

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

Payments will only be made by the **Finance Manager** against invoices that have been certified for payment by the appropriate budget holder or nominated representative.

Certification of an invoice will confirm that:

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

7.9 LATE PAYMENT RULES

The European Directive 2011/7/EU in combating late payment in commercial transactions is now effective. The UK has, for some time, been working to promote a culture of prompt payment and has, since 1998, had late payment legislation in place. The recast Directive has been implemented with the aim of strengthening current legislation and elimination late payment culture in all commercial transactions across the European Union. The Directive has been based on UK legislation:

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

Key points are:

- small businesses can charge interest on overdue invoices;
- interest is chargeable on sales made after 1 November 1998;
- the rate of interest is currently 8% per annum above the reference rate (either 31st Dec or 30th June) of the Bank of England;
- Suppliers able to claim a fixed amount in compensation;
- the Act also applies to overseas organisations;

- the College can be sued for non-payment.

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

7.10 GOVERNMENT PROCUREMENT CARDS (GPC)

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

7.11 PROJECT ADVANCES

The Director of Finance, on the advice of the relevant **Budget Holder or Budget Controller**, may approve cash advances for projects, trips or visits carried out away from the College where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent invoice payment or a GPC card.

Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the project to which the advance relates, a final account must be prepared within two weeks to demonstrate how the advance was disbursed and any unspent balance repaid.

Under no circumstances will a second advance be approved when the final accounting for an earlier advance to a project or individual is outstanding.

8. SALARIES, WAGES AND OTHER

8.1 GENERAL

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

All appointments and variations in conditions of service, with the exception of senior post-holders, shall be authorised by a **senior post-holder**. The Corporation shall approve the appointment of senior post-holders and the Clerk to the Corporation, and variations in conditions of service and salaries.

8.2 APPOINTMENT OF STAFF

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

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

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

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

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

8.3 SALARIES AND WAGES

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

The Human Resources Manager will be responsible for keeping the Director of Finance informed of all matters relating to personnel for payroll purposes.

In particular these include:

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

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

The Director of Finance shall be responsible for ensuring that all records relating to payroll, including those of a statutory nature, are properly kept.

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

8.4 SUPERANNUATION SCHEMES

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

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

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

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

8.5 TRAVEL, SUBSISTENCE AND OTHER ALLOWANCES

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

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

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

The Chair shall approve arrangements for travel by the Principal or members of the Corporation; the Clerk to the Corporation will certify claims for members. The Clerk to the Corporation shall approve arrangements for travel by the Chair, including the authorisation of claims.

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

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

8.6 SEVERANCE AND OTHER NON-RECURRING PAYMENTS

Severance payments shall only be made in accordance with relevant legislation and College policies. Professional advice should be obtained where necessary. Any decision taken by the College to award a discretionary payment to a member of staff should be based on comprehensive information that clearly sets out that;

- the College is satisfied that all of the options available to it have been considered and the process by which they were identified;
- clear advice is provided to the Corporation and the advice is appropriately recorded;
- the option chosen secures value for money and is affordable by evaluating;
 - the full costs and benefits to the College of each option;
 - the criteria by which the different options identified were appraised and what weighting was given to each option;
 - that the basis of comparisons made in respect of financial evaluations is consistent for each alternative option;
- all settlements have been brought to the attention of the external auditors.

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

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

All such payments shall be authorised by the Principal and Chair and calculations checked by the **Financial Accountant**, the Human Resources Manager and the Director of Finance.

Amounts paid should be declared in the Financial Statements.

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

8.7 PRIVATE CONSULTANCIES AND OTHER PAID WORK

The regulations governing private work undertaken by College staff are set out in conditions of service and contracts of employment. Unless otherwise stated in a member of staff's contract:

- outside consultancies or other paid work may not be accepted without the consent of the Principal;
- applications for permission to undertake work, as a purely private activity must be submitted to the 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 collegial duties of the member(s) of staff concerned. unless otherwise stated in a full time member of staff's contract.

8.8 CODE OF CONDUCT

8.8.1 General

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

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

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

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

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

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

8.8.2 Receiving gifts or hospitality

It is an offence under the Prevention of Corruption Act 1906 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity.

The guiding principles to be followed by all members of staff must be:

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

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

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the Clerk to the Corporation or the Vice Principal – Corporate and Resources. Guidance on acceptable hospitality is contained in the detailed Financial Procedures.

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

8.8.3 Bribery

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

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

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

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

8.8.4 Fraud and Corruption

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

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

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

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

8.9 DETERMINATION OF EMPLOYMENT STATUS

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

Classification as self employed may only be approved following consultation with the Director of Finance or **Finance Manager** and with the approval of HMRC.

9 ASSETS

9.1 LAND, BUILDINGS, FIXED PLANT AND MACHINERY

The commitment to purchase, lease or rent of land or buildings or fixed assets can only be undertaken with authority from the Corporation and with reference to funding agency requirements where exchequer funded assets or exchequer funds are involved. Members of the College or Corporation shall not enter into any formal negotiations until such authority is given.

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

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

9.2 FIXED ASSET REGISTER

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

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

9.3 STOCKS AND STORES

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

Budget Holders and Budget Controllers are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security and health and safety checks. There shall be a physical check covering all items in stores at least once a year.

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

9.4 INVENTORIES

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

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

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

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

9.5 ASSET DISPOSAL

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

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

9.6 PERSONAL USE/HIRE

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

The College hires rooms in line with the attached conditions of room hire appendix B.

9.7 SAFEGUARDING ASSETS

Budget Holders and Budget Controllers are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the Vice Principal – Corporate and Resources in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

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

9.8 SECURITY

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

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

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

The **IT Operations Manager or IT Desk-top Manager** shall be responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the

provisions of the **General Data Protection Regulations 2018**. The Data Protection Officer shall be nominated to ensure compliance with the Act and the safety of documents.

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

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

The Vice Principal – Corporate and Resources is responsible for the safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Vice Principal – Corporate and Resources.

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

9.9 **TREASURY MANAGEMENT**

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

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Vice Principal – Corporate and Resources and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the College and shall conform to any relevant **ESFA** requirements. The Director of Finance and his/her staff are required to act in accordance with CIPFA's statement of best practice.

The Director of Finance will report to the Corporation within the KPI report the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

10 **OTHER**

10.1 **RISK MANAGEMENT**

The College acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Guidance on the level of risk considered to be acceptable/unacceptable by the College is set out in a separate Risk Management Policy.

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

In line with this policy, the Corporation requires that the risk management strategy and supporting procedures include:

- the adoption of common terminology in relation to the definition of risk and risk management;
- the establishment of College-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis;
- a decision on the level of risk to be accepted;
- a decision on the level of risk to be covered by insurance (see 10.2);
- detailed regular review at directorate or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas;
- development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question;
- regular reporting to the Corporation of all risks above established tolerance levels;
- an annual review of the implementation of risk management arrangements.

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

10.2 **INSURANCE**

The Vice Principal – Corporate and Resources is responsible for the College's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the Corporation prior to renewal.

The Director of Finance is responsible for effecting insurance cover as determined by the Corporation. He/she is also responsible for obtaining quotes, negotiating claims and maintaining the necessary records.

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

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

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

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

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

10.3 **TAXATION**

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

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

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

Where a deed or document requires the College's seal; it must be sealed by the Clerk to the Corporation, and authenticated by the signature of the Chair or Vice Chair together with any other member of the Corporation.

The Clerk to the Corporation shall register an entry of the sealing of every deed or other document to which the seal is affixed.

The Clerk shall keep the seal in a safe location.

10.5 FUNDS HELD ON TRUST

10.5.1 Gifts, Benefactions and Donations

The Director of Finance is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the College and initiating claims for recovery of tax where appropriate. Receipt of all such funds should be immediately notified to the Director of Finance who will ensure they are banked appropriately.

The Principal will formally accept any donation received on behalf of the College.

10.5.2 Learner Support, Bursaries and Access Funds

The Assistant Principal - Information Systems and Student Experience and Director of Finance will prescribe the format for recording the use of student welfare funds.

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

10.5.3 Trust Funds

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

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

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

10.5.4 Fund Raising and Voluntary Funds

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

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

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

10.6 WHISTLEBLOWING

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.

If an employee or worker has reasonable grounds for believing that malpractice of the type listed above is happening in the College they should contact the Clerk to the Corporation immediately and explain the area(s) of concern. (The Clerk is appointed by the College Corporation and is therefore independent of College Management).

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

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

10.7 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 agency, the National Audit Office, the Public Accounts Committee or other relevant bodies.

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

FINANCIAL REGULATIONS – SCHEDULE 1**AUTHORITY LIMITATIONS**

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

Authorisation for Contracts and Orders	
Value of Order or Contract	
£1 to £999	Budget Holder
£1,000 to £4,999	Budget Controller (SLT)
£5,000+	Include Vice Principal or Director of Finance
£50,000	Include Principal (this is Tender Limit)
£500,000	Include Corporation

In the absence of the approver the approval goes upwards to the senior member of staff.

AUTHORISED CHEQUE SIGNATORIES

Principal
 Vice Principal - Corporate and Resources
 Director of Finance
Finance Manager

Value of Payment	
Up to £1,000	1 signature
£1,000 to £25,000	2 signatures
Over £25,000	2 signatures to include Principal or Vice Principal

FINANCIAL REGULATIONS – SCHEDULE 2

TENDERING – CODE OF PRACTICE

The main points covered by this code are:

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

AUDIT COMMITTEE TERMS OF REFERENCE**PRIMARY FUNCTION**

The role of the Audit Committee includes advising the Corporation on the adequacy and effectiveness of the College's assurance framework. In addition the Audit Committee advises and supports the Corporation in explaining in its annual accounts the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities. The Accounts Direction sets out the funding bodies' specific requirements including the required format of the College Corporation's Statement of Corporate Governance and Internal Control.

1 Membership

1.1 The Audit Committee shall be appointed by the Corporation and shall have up to seven Members including, where appropriate, a Co-opted Member. In order to maximise the Committee's independence and objectivity, the following people shall not be eligible to serve on the Committee:-

- The Chair of the Corporation;
- those with executive responsibilities for the College at senior level, such as the Principal, Senior Postholders and members of the College's Senior Management, whether as Co-opted Members of the Audit Committee, Staff Governors or Co-opted Governors;
- Corporation Members who have significant financial and personal interests in the College;
- employees, partners or those with a significant interest in any of the College's professional advisers or suppliers of other significant goods or services.

1.2 Audit Committee Members may serve until the end of their terms as Corporation Members. External Co-opted Members may serve for up to two successive terms of four years in that capacity and such an appointment will be counted as additional service to any subsequent appointment as a Corporation Member. A Member may resign from their appointment at any time by giving notice in writing to the Clerk to the Corporation. Such resignations will be recorded at the next Corporation meeting.

1.3 The quorum shall be three Members of the Audit Committee.

1.4 The Chair of the Audit Committee shall be appointed by the Corporation. If the Chair is absent from any Audit Committee Meeting, the Members present shall choose one of their number to act as Chair for that meeting provided that the Member chosen shall not be the Staff or Student Member. A Co-opted Member of the Audit Committee should not normally be appointed as its Chair, since the Chair has to be able to attend, as of right, all meetings of the Corporation.

1.5 The Audit Committee has the responsibility to include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively. Collectively, Members of the Committee should have recent, relevant experience in risk management, finance and assurance.

1.6 Members shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

2 Attendance at Meetings

2.1 The internal auditor (where appointed) must be invited to attend all meetings. The external auditor, reporting accountant and other assurance providers (if applicable) must be invited to attend meetings where business relevant to them is being discussed (including once at the planning stage before the audit and once after the audit at the reporting stage).

2.2 Senior management shall be invited to attend Audit Committee meetings particularly where their area of responsibility is under discussion.

2.3 The Clerk to the Corporation shall be the Clerk to the Audit Committee.

- 2.4 Other Corporation Members shall have a right of attendance.
- 2.5 The Audit Committee has the right, whenever it is satisfied that it is appropriate to do so, to go into confidential session and exclude any, or all, participants and observers, except the Clerk to the Corporation.
- 2.6 Meetings shall normally include the opportunity for the Audit Committee to meet with the internal auditor (where appointed) or external auditor, reporting accountant and other assurance providers (if applicable) without management being present.

3 Frequency of Meetings

- 3.1 Meetings shall be held not less than three times a year. The internal auditor (where appointed) or external auditor, reporting accountant and other assurance providers (if applicable) may request a meeting if they consider that one is necessary.

4 Authority

- 4.1 The Audit Committee has the right to investigate any activity within its terms of reference.
- 4.2 The Audit Committee must not adopt an executive role.
- 4.3 The Audit Committee has the right to access all the information and explanations it considers necessary, from whatever source, to fulfil its remit.
- 4.4 The Audit Committee is authorised by the Corporation to obtain outside legal or other independent professional advice, relevant information from sub-contractors and other third parties and to secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary.
- 4.5 The Head of Internal Audit (external audit, reporting accountant and other assurance providers (if applicable)) has the right of direct access to the Audit Committee Chair.

5 Principal Responsibilities

The principal responsibilities of the Audit Committee shall be:

- 5.1 To assess and provide the Corporation with an opinion on the adequacy and effectiveness of the College's framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.
- 5.2 To oversee the monitoring of the College's approach to risk management and report as necessary to the Corporation.
- 5.3 To monitor the College Risk Register once a term and to recommend it to the Corporation for approval.
- 5.4 To consider the Risk Management annual report from College Management and to recommend it to the Corporation for approval.
- 5.5 To draw to the attention of the Corporation any instance where the Head of Internal Audit (where appointed) or the Audit Committee consider the level of audit resources limits the scope of the internal auditor (where appointed) or prejudices the ability of the internal auditor (where appointed) to deliver a service consistent with the definition of internal auditing.
- 5.6 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the external auditor, reporting accountant and other assurance providers (if applicable) and establish that all such assurance providers adhere to relevant professional standards.
- 5.7 To oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required

- 5.8 To advise the Corporation on the scope and objectives of the work of the internal auditor (where appointed), external auditor, reporting accountant and other assurance providers (if applicable).
- 5.9 To ensure effective coordination between the internal auditor (where appointed), external auditor, reporting accountant and other assurance providers (if applicable).
- 5.10 To consider and advise the Corporation on the audit strategy and annual internal audit plans for the internal auditor (where appointed).
- 5.11 To advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the management letters of the external auditor (including their work on regularity) and the reporting accountant and other assurance providers (if applicable), and management's responses to these.
- 5.12 To monitor, within agreed timescales, the implementation of recommendations arising from any reports of audit and assurance providers.
- 5.13 To consider and advise the Corporation on relevant reports by the National Audit Office (NAO), the Skills Funding Agency and other funding bodies, and where appropriate management's response to these.
- 5.14 To establish, in conjunction with College management, relevant annual performance measures and indicators, and to monitor the effectiveness of the internal auditor (where appointed) and external auditor through these measures and indicators and decide, based on this review, whether a competition for price and quality of the audit service is appropriate.
- 5.15 To arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Corporation for approval.
- 5.16 To produce an annual report for the Corporation summarising the Committee's activities relating to the financial year under review, including:
- a summary of the work undertaken by the committee during the year;
 - any significant issues arising up to the date of preparation of the report;
 - any significant matters of internal control included in the reports of audit and assurance providers;
 - the Committee's view of its own effectiveness and how it has fulfilled its terms of reference;
 - the Committee's opinion on the adequacy and effectiveness of the College's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets;
 - submit the annual report to the Corporation before the Statement of Corporate Governance and Internal Control in the accounts is signed;
 - a copy of the Audit Committee's annual report must be submitted to the relevant funding body with the annual accounts.
- 5.17 To oversee the College's policies on fraud, irregularity and whistleblowing, and ensure the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity; that investigation outcomes are reported to the Audit Committee; that the external auditor (and internal auditor if applicable) has been informed, and that appropriate follow-up action has been planned / actioned, and that all significant cases of fraud or suspected fraud or irregularity are reported to the appropriate funding body.
- 5.18 To inform the Corporation of any additional services provided by the external auditor, reporting accountant and other assurance providers (if applicable) and explain how independence and objectivity were safeguarded.
- 5.19 To monitor the integrity of the annual financial statements, reviewing significant financial reporting issues and judgements which they contain; In particular reviewing and challenging where necessary:
- the consistency of, and any changes to, accounting policies;

- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the College has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- the clarity of disclosure in the College's financial reports and the context in which statements are made;
- all material information presented with the financial statements.

- 5.20 To review the findings of the audit with the external auditor. This shall normally include but not be limited to, the following:
- a discussion of any major issues which arose during the audit;
 - any accounting and audit judgements;
 - levels of errors identified during the audit;
 - the effectiveness of the audit.
- 5.21 To review the statements to be included in the annual report concerning internal controls and risk management.
- 5.22 To review any representation letter(s) requested by the external auditor and advise the Corporation before they are signed.
- 5.23 To recommend the annual financial statements, including Regularity Audit opinion, to the Corporation for approval.
- 5.24 To review and recommend changes to the Financial Regulations to the Corporation for approval. (Financial Procedures to be approved by the Senior Leadership Team and reported to the Audit Committee).

Conditions of Room Hire**1. General**

- 1.1 Room lettings should in no way conflict with the primary purpose of the College as an educational institution. The College may cause a letting to be subject to any conditions and restrictions which are felt necessary in order to safeguard the premises for their primary purpose.
- 1.2 The Principal has the right to decline any application made for the use of College premises and does not have to give a reason for any refusal.
- 1.3 Premises may only be used for the purpose for which they have been hired. Sub-letting is strictly forbidden.
- 1.4 Failure to comply with the conditions of the Hire Agreement may incur additional charges. There shall be no variation of these conditions without the approval of the Principal in advance.
- 1.5 The hirer shall be held responsible for reimbursing the cost of any damage to College premises, furniture and equipment sustained in the course of the letting.
- 1.6 The Principal on behalf of the Governors reserves the right of entry to the hired premises to any authorised officer of the College who is carrying out official duties.
- 1.7 Car parking space at the College cannot always be made available to the hirer at certain locations.
- 1.8 In the event of breach of any of these regulations, the Principal reserves the right to cancel the letting without notice.

2. Fees

- 2.1 Fees for hiring college premises shall be in accordance with the scale of charges, although further charges may be levied if additional personnel or running costs are incurred as a result of the hiring of the premises. These fees are subject to revision from time to time by the College without notice.
- 2.2 The Principal has the authority to waive or reduce the fee in appropriate circumstances.
- 2.3 The hire fee shall be payable in full upon receipt of confirmation of the booking.
- 2.4 In addition a returnable deposit may be required to cover damages at the time the hire fee is paid upon receipt of confirmation of the booking
- 2.5 If the event is cancelled within 14 days of the hire date; a full refund less a 10% administration fee will be made. If the cancellation is made less than 14 days before the hire date the full fee remains payable.

3. Insurance

- 3.1 All hirers must ensure that they have adequate public liability insurance and where appropriate employer's liability insurance.

A copy of the policy document must be attached to the application form.

- 3.2 The hirer shall be liable for all damages to the premises arising out of the hiring howsoever and whomsoever caused, and shall indemnify the College against all loss, damage and expense. Any damage caused shall be reported to the Head of Facilities and Contract Management immediately it

occurs, and shall be confirmed in writing to the Head of Facilities and Contract Management within 10 days.

- 3.3 The attention of the hirer is drawn to the fact that neither Heart of Worcestershire College, nor its employees can accept responsibility for loss or damage caused to the hirer's property or equipment whilst on the College premises.

4. Use of Premises

- 4.1 The hired rooms cannot be used for the sale or display of goods or services, or for any public entertainment without obtaining approval from the Principal at the time of submitting the application. This will be confirmed on confirmation of the booking.
- 4.2 Smoking is forbidden in all College buildings, vehicles and within any of the College boundaries. Hirers must adhere to this at all times.
- 4.3 The hirer shall at the end of the hire period leave the premises in a clean and orderly state. Failure to do so may result in a charge for cleaning at commercial rates.
- 4.4 Kitchens and kitchen equipment are not available for hire.
- 4.5 Electrical equipment brought into College by the hirer must be appropriately checked by an authorised member of College staff before being used on College premises. Hirers must ensure that items are serviceable and safe, without any significant damage and must also provide evidence of Portable Appliance Testing (PAT) within the last 12 Months. Acceptable evidence will be a valid test label, tag or certificate clearly linked to the item. Items less than 12 months old do not require PAT but evidence must be provided to confirm that the item is less than 12 months old. The College reserve the right to reject items that do not meet the required standard
- 4.6 The hire of premises does not include the use of any College equipment within the premises except those items of equipment covered by the hire charge (projectors/screens etc) and fitted as standard within rooms. No additional equipment shall be hired out without the written approval of the Principal who may specify conditions and charge appropriate fees in respect of such use as she/he sees fit.
- 4.7 There is no automatic right to use the College's internet facilities. If permission is given, a charge will be made for such use. The hirer must supervise any use of the internet by those less than 18 years of age. The College has software in place to monitor online use, if pornographic or other unsuitable material is being viewed then permission to use these facilities will be withdrawn immediately.
- 4.8 The College reserves the right to refuse any application for hiring of any part of the College premises which they have reasonable grounds for believing will not comply with the provisions of the College Code of Practice on freedom of speech as required by S.43 of the Education (No. 2) Act 1986 (for the time being in force).
- 4.9 The Principal reserves the right to refuse a particular activity if it is felt it is not appropriate use of the facility or is not compatible with the College's equal opportunity policy.

5. Health & Safety

- 5.1 The hirer is responsible for the Health and Safety of all persons using the hired premises.
- 5.2 The hirer must, prior to the booking, be fully aware of the fire precautions procedures, including the means of fighting fire and fire evacuation. The Management Accounts team will provide all necessary information.
- 5.3 The behaviour of all those participants in the hirer's event whilst they are on the College's premises is the responsibility of the hirer.

6. Safeguarding

- 6.1 The hirer is responsible for ensuring that appropriate legislation with regards to working with children and vulnerable adults has been enforced where this is relevant.

7. Prevent

- 7.1 As the threat from extremists in this country and abroad evolves we must also evolve and ensure our approach moves into the digital age. We will work in partnership with statutory, non – statutory, private and voluntary sector organisations to support, educate and divert individuals and groups that may be at risk of radicalisation.
- 7.2 The College Prevent Strategy recognises that there is no single factor to radicalisation and those vulnerabilities in individuals such as age, deprivation, low self-esteem, frustration and anger, along with a lack of protective factors (employment, education, family and social networks) can make an individual vulnerable to radicalisation
- 7.3 The College gives due regard to ensure that vulnerable individuals are protected from being drawn into terrorism. Through robust practice Heart of Worcestershire College will ensure that terrorist related activity and offences are not supported. Effective checks will be conducted to ensure all premises are used for appropriate activity and do not promote radicalisation or extremism. The hirer is responsible for ensuring that appropriate legislation with regards to working with children and vulnerable adults has been enforced where this is relevant.

8. Licensing

- 8.1 Where a licence is required for any purpose proposed by the hirer for use of the premises, this shall be notified to the Management Accounts team and a copy of the licence supplied at the time of submitting an application.
- 8.2 The hirer shall strictly observe the conditions of any licence agreement granted in respect of the hired premises.
- 8.3 The promoters of entertainments and similar functions shall be responsible for ensuring that all necessary licensing formalities concerned with any concert, play, film etc., are complied with and that copyrights are not infringed. In the case of film shows, only non-inflammable film is to be used.
- 8.4 No intoxicating drinks should be brought onto the premises without the specific approval of the College.