

Financial Regulations 2023

Review

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Policy Owner	Chief Financial Officer		
Policy Author	Marie Robson		

Approvals

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Change History

Version	Date Reviewed/ Revised	Description of Change	Reviewed by	Approved by
1.0	May 2021	Change to levels of authority	Katrina Foster	David Howells
1.1	July 2021	14.5 updated Vice Principal Partnerships & Commercial	Katrina Foster	David Howells
1.2	March 2022	25.7 Public Contract Thresholds updated to UK PCR Thresholds 2022 values	Katrina Foster	

1.3	March 2022	27.12 Director of Facilities Management updated to Director of Estates 28.5 Financial and Treasury Accountant – no longer in structure updated to Director of Finance TOR 5.2.1 Vice Principal Finance updated Chief Operating Officer TOR 5.3.4 European updated to UK	Katrina Foster	
1.4	March 2022	24.34 Goods Receipt updated	Katrina Foster	
1.5	May 2022	Annex A – include Pension related providers; student recruitment	Katrina Foster	
1.6	March 2022	Annex B - inserted into document	Katrina Foster	
1.7	May 2022	15.3 Updated approvals for Chief Operating Officer	Katrina Foster	
1.8	June 2022	FRP Updates requested: 3.1 updated 3.5.4 amended to Senior Designated Post Holder 11.4 updated to DfE 16.1 amended to lenders as not all lenders are bankers	Katrina Foster	
1.9	May 2023	Addendum added regarding ONS reclassification	Marie Robson	David Howells
2.0	May 2023	All references to Chief Operating Officer updated to Chief Financial Officer All references to AP Resources and Legal Services updated to AP People and Resources	Katrina Foster	
2.1	May 2023	All Sections updated to reflect and accommodate 1.9	Katrina Foster	
2.2	May 2023	Enrolment Manual updated to Enrolment Handbook	Katrina Foster	

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FOREWORD

- 1.1 The City of Sunderland College ('the College') is a further education corporation under the provisions of the Further and Higher Education Act of 1992. The City of Sunderland College, trades as Education Partnership North East which includes Sunderland College, Hartlepool Sixth Form College and Northumberland College; these colleges will be referred to as "the College" throughout this document. Its governance structure and arrangements are laid down in the Instrument and Articles of Government. The Instrument and Articles of Government may only be amended by resolution of the Corporation. The College is ultimately accountable through its Board of Corporation.
- 1.2. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.
- 1.3. The Financial Memorandum between the Funding Body and the College sets out the terms and conditions on which grant is made. The Governing Body is responsible for ensuring that conditions of the grant are met. As part of this process, the College must adhere to the Funding Body's audit code of practice, which requires it to have sound systems of financial and management control. The Financial Regulations of the College form part of this overall system of accountability.
- 1.4. Ensuring that the funds provided by the Office for Students (OFS) and other funding bodies are used in accordance with their respective terms and conditions specified.
- 1.5. For the purpose of these Regulations the following terms shall have the following meanings:

"Principal Budget Holders"; "Budget Holders": Principal and Designated Budget Holders

"Designated Budget Holders": Senior members of college staff to whom Principal Budget Holders may choose to delegate certain budgetary powers, the identity of whom shall be notified by the relevant Principal Budget Holder to the Finance Director

"Directors": - Directors of the College Services and Faculties

"DfE": Department for Education

"HMT": His Majesty's Treasury

"Funding Body": Education Skills Funding Agency herein referred to as ESFA

"SLT": Senior Leadership Team

"ELT": Executive Leadership Team

"FRP": Finance, Resources and Projects Committee

"The Governing Body": The Board of Corporation of the College as a further education corporation

"Accounting Officer": Chief Executive Officer

"Financial Statements": the audited annual accounts, which set out the consolidated results of the College and its subsidiary companies, prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2007)

“**Faculties**”: the Academic Departments of the College,

“**Services**”: the College Services,

“**MPM**”: Managing Public Money, sets out requirements for everyone working in central government to manage and deploy public resources responsibly in the public interest.

- 1.6. For the purpose of the interpretation of these Regulations, and the multiple references to ‘contracts’, the following should be noted: a contract is a binding agreement between two or more parties with the intention of creating a legal obligation. Contracts may be made in writing, but may also be made verbally. Some or all of a contract’s terms may also be implied where they are not expressed in words.

Status of Financial Regulations

- 2.1. This document sets out the College’s Financial Regulations. It translates into practical guidance the College’s broad policies relating to financial control. This document was approved by the Governing Body on 06 July 2021. It applies to the College and all its subsidiary undertakings.
- 2.2. These Financial Regulations are subordinate to the College’s Instrument and Articles of Government and to any restrictions or conditions imposed in the Financial Memorandum between the College and the Funding Body.
- 2.3. The purpose of these Financial Regulations is to provide control over the totality of the College’s resources and provide management with assurances that institutional resources are being properly applied in pursuit of the objectives of the College’s Corporate Strategy and ensure:
 - Financial viability.
 - Value for money.
 - Effective financial control over the use of public funds.
 - Compliance with all relevant legislation.
 - That the assets of the College are safeguarded.
- 2.4. Compliance with the Financial Regulations is **mandatory** for all staff connected with the College. Staff who fail to comply with the Financial Regulations may be subject to disciplinary action under the College’s Staff Disciplinary Policy and Procedures. The Governing Body will be notified of any such breach through a summary report to both the Audit Committee and FRP. It is the responsibility of Principal Budget Holders to ensure that staff are made aware of the existence and content of the College’s Financial Regulations and their respective responsibilities.
- 2.5. The FRP is responsible for reviewing the Financial Regulations. Audit Committee has a role in scrutinising the Financial Regulations as a vehicle for financial control and testing the effectiveness of specific financial controls procedures contained within these Regulations.
- 2.6. In exceptional circumstances, the FRP may authorise a departure from its detailed provisions. Details of such departures should be reported to the Governing Body via the Audit Committee.
- 2.7. The Financial Regulations are complemented and underpinned by the College’s Supplier Payment Policy and Procurement Policy and Principles.

CORPORATE GOVERNANCE

Department for Education

3.1 The College is now subject to the framework for financial management set out in Managing Public Money (MPM).

3.1.1. MPM sets out requirements for everyone working in central government to manage and deploy public resources responsibly in the public interest. The immediate impact of these changes on the financial management framework under which the College operates are that certain financial transactions now require Department for Education (DfE) approval. In some circumstances the DfE may refer requests for approval to HM Treasury (HMT).

3.1.2. DfE approval is required for the following transactions:

- Indemnities, guarantees and letters of comfort
- Write-offs
- Borrowings
- Fixed assets
- Novel, contentious, and repercussive transactions
 - There is no financial threshold in relation to novel, contentious or repercussive financial arrangements; all such transactions require approval, regardless of value. The College should assess these matters objectively: if a transaction could reasonably be considered as novel, contentious or repercussive, then it must be treated as such.
 - In the case of any arrangement which meet the definition of a novel, contentious or repercussive transaction, ELT followed by Governing Body consideration must be given, prior to submission to DfE for approval.
 - Each instance must be considered on its own merits, considering factors such as financial exposure, value for money, reputational risk and propriety. Requests for approval in terms of a business case will need to be provided by the budget holder proposing the novel, contentious or repercussive transaction. All business cases will require ELT and Governing Body consideration prior to submission to DfE.
- Governing Body, ELT and FRP are required to give due consideration of request prior to submission to DfE for approval

Definitions

- **Indemnities** - An indemnity is a contractual agreement of one party (indemnifier) to accept the risk of damage or loss suffered by another party and to compensate the other party (indemnity holder), due to the actions of the indemnifier or any other party. Indemnities are included in agreements usually to offer protection to one party in agreeing to the contract, if one party cannot fulfil their contractual obligations.

Indemnities are usually found within contractual agreements that organisations sign on a routine basis; they arise in the normal course of business – for example unavoidable liabilities occurring in the purchase or supply of goods and services in the discharge of the organisation’s business.

- **Guarantees** – A guarantee is a commitment provided by a guarantor to take responsibility for the debt or performance obligations of another party in the event of that party defaulting on its obligations.
- **Letter of comfort** - Letters of comfort are business documents intended to reassure a recipient that a party will be able to meet an obligation. These letters are often written with vague language in order to avoid creating a binding legal obligation. Though a letter of comfort generally provides no binding obligation, it does entail placing the reputation of its issuer in jeopardy and thus provides some reassurance.
- **Novel** - Transactions are those of which the college has no experience or are outside its range of normal business.
- **Contentious** – Transactions are those that might cause criticism of the college by Parliament, the public or the media.
- **Repercussive** - Transactions are those that may have wider financial implications for the sector, or which appear to create a precedent.

The Governing Body

3.2 The Governing Body of the College has wide responsibilities under statute which are not repeated here. Specifically, it is responsible for ensuring that the College’s funds are used only in accordance with the Governing Body’s powers under statute, the Financial Memorandum with the sector funding bodies and any other conditions that they may from time to time impose. Governors may also be liable for wrongful and fraudulent trading.

- The Governing Body has wide discretion over its use of the College’s funds and is ultimately responsible for the proper stewardship of those funds. The Governing Body must ensure that it uses its discretion reasonably and takes into account any relevant guidance on accountability or propriety issued from time to time by the sector funding bodies, or the National Audit Office.
- The respective responsibilities of the Governing Body and the Chief Executive Officer are set out in the College’s Instrument & Articles of Government.

3.3 The responsibilities of the Governing Body include:

- the determination and periodic review of the educational character and mission of the institution and the oversight of its activities.
- publishing arrangements for obtaining the views of staff and students on the determination and periodic review of the educational character and mission of the institution and the oversight of its activities.
- approving the quality strategy of the institution.
- the effective and efficient use of resources, the solvency of the institution and the Corporation and safeguarding their assets.
- approving annual financial forecast in line with Funding Body requirements.
- the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts and the Head of Corporate Governance and Policy, including, where the Head of Corporate Governance and Policy is, or is to be appointed as, a member of staff,

- the Head of Corporate Governance and Policy's appointment, grading, suspension, dismissal and determination of pay in the capacity of a member of staff;
- setting a framework for the pay and conditions of service of all other staff;
- the review and consideration of all debt write-offs, Indemnities, Guarantees and Letters of Comfort required to be approved by the DfE
- the review and consideration of potentially novel, contentious and repercussive transactions prior to submission to the DfE
- the review of borrowing proposals prior to submission to the DfE

Governing Body and Committees

- 3.4 The Governing Body shall establish:
- an Audit Committee
 - a Governance Committee
- 3.5 The Governing Body may also establish other committees for any purpose or function, other than those assigned in the Articles to the Chief Executive Officer or Head of Corporate Governance and Policy.
- 3.6 The Governing Body shall not delegate the following functions –
- the determination of the educational character and mission of the institution.
 - the approval of the annual estimates of income and expenditure.
 - the responsibility for ensuring the solvency of the institution and the Corporation and for safeguarding their assets.
 - the appointment of the Chief Executive Officer or Senior Designated Post Holders.
 - the appointment of the Head of Corporate Governance and Policy, (including, where the Head of Corporate Governance and Policy is, or is to be, appointed as a member of staff the Head of Corporate Governance and Policy's appointment in the capacity of a member of staff); and
 - the modification or revocation of the Articles.

Chief Executive Officer

- 3.7 The Governing Body shall require the Chief Executive Officer (CEO) to take personal responsibility, which shall not be delegated, to assure them that there is compliance with the Financial Memorandum and all its terms and conditions.
- 3.8 The CEO may delegate functions to the holder of any other senior post other than:
- The management of budget and resource
 - Ensuring regularity and propriety
 - Ensuring prudent and economical administration
 - Avoiding waste and extravagance
 - Securing money through the efficient, effective and economical use of available resources
 - Any functions that have been delegated to the CEO by the Corporation
- 3.9 The responsibilities of the CEO include:
- Making proposals to the Corporation about the overarching vision and strategy of the College, the educational character and mission of the institution as well as implementing the decisions of the Corporation.

- The determination of the institution’s academic and other activities.
 - Preparing annual estimates of income and expenditure for consideration and approval by the Corporation, and the management of budget and resources within the estimates approved by the Corporation.
 - The organisation, direction and management of the institution and leadership of the staff.
 - The appointment, assignment, grading, appraisal, suspension, dismissal and determination, within the framework set by the Corporation, of the pay and conditions of service of staff, other than the holders of senior posts or the Head of Corporate Governance and Policy, where the Head of Corporate Governance and Policy is also a member of the staff; and
 - Maintaining student discipline and, within the rules and procedures provided for within the Articles, suspending or expelling students on disciplinary grounds or expelling students for academic reasons.
- 3.10 As Accounting Officer, the CEO may be required to appear before the Parliamentary Committee of Public Accounts, alongside the accounting officers of the ESFA, Department for Business, Energy & Industrial Strategy (BEIS) and Department for Education (DfE), on matters relating to the College’s use of public funds and College funds
- 3.11 The CEO shall be responsible for advising the Governing Body in writing if, at any time, in their opinion, any action or policy under consideration by the Governing Body is incompatible with the terms of the Financial Memorandum. The CEO shall be similarly responsible for advising the Governing Body in writing if the Governing Body appears to be failing to act, where required to do so, by the terms and conditions of the Financial Memorandum. Where the Governing Body determines to proceed despite the advice of the CEO, the CEO should consider the reasons the Governing Body gives for its decision. If, after considering the reasons given by the Governing Body, the CEO still considers that the action proposed by the Governing Body is in breach of the financial memorandum, the CEO shall advise in writing the sector funding bodies of the position.
- 3.12 The CEO is required to notify the Governing Body, if, at any time, any action or policy under consideration by it appears to be incompatible with the Funding Body’s Financial Memorandum with the College. If the Governing Body decides nevertheless to proceed, the CEO must immediately inform the Chief Executive of the Funding Body in writing. In the event that the Chief Executive of the Funding Body judges that there is evidence of serious failure in relation to the oversight and management of public funds, they will raise this as appropriate with the Accountable Officer. In exceptional circumstances, the Chief Executive of the Funding Body may conclude that the Accountable Officer is unable to meet their responsibilities under the Financial Memorandum and the Funding Body may appoint somebody else on behalf of the College. As the Accountable Officer, the CEO and/or the Chair of the Governing Body may be required to appear before the Public Accounts Committee of the House of Commons on matters relating to the finances of the College.
- 3.13 The CEO is the College’s Accounting Officer and, on this basis, holds sole executive responsibility for compliance with the Funding Body’s Financial Memorandum and for providing the Funding Body with clear assurances to this effect. As Accounting Officer, the CEO is responsible for the financial administration of the College’s affairs. In this capacity, the CEO must ensure that there are effective arrangements in place for providing assurance to the Governing Body to ensure, amongst other things, the sustainability and financial viability of the College, an effective system of internal controls and risk management against all risk including fraud, corruption and bribery, and appropriate use of public funds for proper purposes considering value for money. The responsibility extends to ensuring that annual budgets for income and expenditure are prepared for consideration and final approval by the Governing Body.
- 3.14 The CEO is required to notify the Governing Body, if, at any time, any action or policy under consideration by it appears to be incompatible with the Funding Body’s Financial Memorandum with the College. If the Governing Body decides nevertheless to proceed, the CEO must immediately inform

the Chief Executive of the Funding Body in writing. In the event that the Chief Executive of the Funding Body judges that there is evidence of serious failure in relation to the oversight and management of public funds, they will raise this as appropriate with the Accountable Officer. In exceptional circumstances, the Chief Executive of the Funding Body may conclude that the Accountable Officer is unable to meet their responsibilities under the Financial Memorandum and the Funding Body may appoint somebody else on behalf of the College. As the Accountable Officer, the CEO and/or the Chair of the Governing Body may be required to appear before the Public Accounts Committee of the House of Commons on matters relating to the finances of the College

Chief Financial Officer

3.15 The Governing Body must appoint to the designation of Chief Financial Officer (CFO). The CFO will be responsible for the College's detailed financial procedures

3.16 The CFO is responsible for

- Keeping proper accounts and accounting records.
- The management of any suspected fraud, corruption or bribery
- Maintaining accounting policies and procedures in accordance with the FE/HE Statement of Recommended Practice (SORP), Funding Agencies guidance, recognised professional standards and Companies Act.
- The provision of relevant, accurate and timely management information each month and presenting them to the ELT and FRP at the earliest scheduled meeting following completion.
- Preparing annual accounts and submitting them for audit as soon as possible after the end of the Financial Year.
- Preparation and submission of all statutory financial returns by their due dates, including VAT returns. All VAT returns and certificates to secure VAT relief require the authorisation of the CFO.
- Accounting and statutory financial returns of the subsidiary companies of the College.
- ensuring that purchasing procedures are known and observed by all staff involved in purchasing goods, works and services for the College.
- Ensuring that purchasing procedures are known and observed by all staff involved in purchasing goods, works and services for the College
- Developing appropriate pre-negotiated contracts on behalf of the College to assist Budget Holders in meeting their value for money obligations
- Arranging all large-scale purchase contracts (generally in excess of £50,000) undertaken by the College, in collaboration with the relevant Budget Holder
- Ensuring that the College complies with all applicable procurement legislation and best practice procurement.
- Monitoring /maintaining the pre-negotiated contracts and all expenditure; and
- Making payments to suppliers of goods, works and services to the College

3.17 The CFO will play both a technical and leadership role including ensuring:

- The preparation of medium term/annual capital and revenue budgets and financial plans
- The preparation of monthly management accounts, management information, monitoring and control of expenditure against budgets and all financial operations for consideration by the CEO and Governing Body of Corporation
- The preparation of the College annual accounts and other financial statements which the College is required to submit to the Funding Body.
- The maintenance of satisfactory financial systems and processes
- The development, communication and implementation of liquidity strategy
- Day to day liaison with internal and external auditors in order to achieve efficient processes; and

- Liaison with the College bankers in relation to the College bank accounts including authority to open/close accounts

Finance, Resources and Projects Committee

- 3.18 The Finance, Resources and Projects Committee (FRP) has been established to ensure the governing body discharges its financial responsibilities correctly and that the Corporation remains financially viable at all times
- 3.19 The composition of the FRP shall be as follows:
- members from the Governing Body of Corporation.
 - The Chief Executive Officer; and
 - Co-opted members.
- 3.20 The following officers
- Chief Financial Officer.
 - Principal Northumberland College.
 - Principal Sunderland College.
 - Vice- Principal Partnerships and Commercial; and
 - Associate Principal People and Resources.
- 3.21 See Annex E for Terms of Reference

Principals, Executive Leaders, Budget Holders

- 3.22 Principals / Executive Leaders are responsible to the Governing Body via the CEO for the financial management of budgets under their management responsibility.
- 3.23 The Principals / Executive Leaders are advised by the CFO in executing any financial duties.
- 3.24 Budget Holders shall be responsible for ensuring financial management and control and compliance within their budget centres, ensuring effective and economic deployment of college resources under their control and controlling levels of income and expenditure within their approved budgets. Budget holders must also ensure compliance with Procurement Policy and Principles and obtaining value for money on all purchases.
- 3.25 Budget Holders shall be responsible for ensuring that any orders for goods and services are within their approved budget. Where this is not the case, the budget holder must seek authorisation to exceed their budget from Chief Financial Officer/Director of Finance.

All Other Members of Staff

- 3.26 All members of staff throughout the College should be made aware of and have a general responsibility for the security of the College's property, for avoiding loss (including loss due to fraud, corruption and bribery) and for due economy in the use of resources.
- 3.27 They should also be made aware and understand how to operate within the College's financial authority limits and the values of purchases for which quotations and tenders are required as set out in the Scheme of Financial Delegation.

- 3.28 They shall make available any relevant records or information to the CFO or their authorised representative in connection with the implementation of the College's financial policies, these financial regulations, systems of financial control, or in order for requirements of the College Governing Body to be met.

Audit Committee

- 3.29 The Audit Committee plays a pivotal role in the corporate governance framework of the College. Its remit is not confined to the monitoring or testing the effectiveness of financial systems and controls, but includes independent oversight of risk management, control and governance arrangements, and any aspect of the internal control environment including the overseeing the College's exposure to risk of fraud, corruption or bribery.
- 3.30 In addition to its broad role in monitoring the adequacy of the College's internal control environment, the specific functions of the Committee include monitoring the performance of the College's internal and external auditors, central to which is reviewing the auditing of the College's financial statements and scrutinising the Statement on Internal Control.
- 3.31 The Committee also considers and tests implementation of the recommendations and observations of the internal and external auditors related to the audited Financial Statements, as the basis for their recommendation for Governing Body approval.
- 3.32 Additionally, as part of the 'opinion' in its Annual Report to the Governing Body, the Committee is required to comment on the adequacy of corporate governance, risk management controls, data quality and accuracy, arrangements for economy, efficiency and effectiveness (value for money), and financial risks and irregularities, including incidents of fraud or corruption.

Audit

- 4.1 Approved external and internal auditors shall have the authority to:
- 4.1.1 Access all college premises;
 - 4.1.2 Access all assets, records, documents and correspondence relating to any financial or other transaction of the College.
 - 4.1.3 Require and receive such explanations as are necessary concerning any matter under examination.
 - 4.1.4 Require any employee of the College to account for cash, stores or any other property under their control; and
 - 4.1.5 access records belonging to third parties, such as contractors, when required
- 4.2 External auditors should be appointed initially via a competitive tendering process, using the selection criteria and procedures contained in the Joint Audit Code of Practice and the Audit Code of Practice and will comply with all relevant procurement legislation.
- 4.3 The Corporation, advised by the Audit Committee, is responsible for the appointment, and formal annual reappointment, of the external auditor. This will include agreement of the duties of the external auditor through a letter of engagement which will incorporate the terms of the model letter of engagement contained in the regularity Audit Framework.
- 4.4 The external auditor may be removed at any time by resolution of the Corporation. The external auditor may resign at any time. The College will inform the DfE, without delay, of the removal or resignation of the external auditor, and the circumstances surrounding this.
- 4.5 The external auditor is required to examine the annual financial statements of the College and provide to the Corporation:

- A report stating whether, in their opinion, the financial statements show a true and fair view and whether accounting standards and the requirements of the funding bodies, have been adhered to. This report will be in the form recommended by the funding bodies in “Sector Accounting Policies”.
 - A management letter containing the information described in the letter of engagement. This will be made available to the Corporation, through the Audit Committee, before approval of the financial statements and the finalised letter will be available to the College within 30 days of the issue of the audit opinion.
- 4.6 The external auditor will report serious weakness, significant weaknesses, significant frauds, major accounting and other control breakdowns of which they are aware, without delay to the Chief Executive Officer, the Chair of the Corporation, the Chair of the Audit Committee and the funding bodies Chief Executive, copied to their Chief Auditor.
- 4.7 The external auditor is entitled to attend any general meetings of the Corporation and to receive all notices or any other communications relating to any general meeting, which any member of the Corporation is entitled to receive, and to be heard at any general meeting
- 4.8 An internal auditor may be appointed by the Governing Body on the recommendation of the Audit Committee; the main responsibility of the appointed internal auditor will be to provide the Governing Body, Chief Executive Officer and senior management with assurances on the adequacy of the internal control system.
- 4.9 It is a requirement of the Financial Memorandum that the Governing Body 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, considering guidance on good practice issued from time to time by the DfE, the National Audit Office, the Public Accounts Committee or other relevant bodies. Should the College choose to appoint an internal auditor it should consider 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.
- 4.10 The College may, from time to time, be subject to audit or investigation by external bodies such as the DfE, National Audit Office and HM Revenue and Customs. They have the same rights of access as external and internal auditors.
- 4.11 After review by the FRP, Audit Committee and approval by the Governing Body, audited annual accounts for the College and its subsidiaries will be submitted to the ESFA by 31st December in each year. Unless otherwise advised by the Funding Body.

Internal Control

- 5 The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. It is based on an on-going process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they materialise how we would manage them efficiently, effectively and economically.
- 5.1 The Corporation has delegated the day-to-day responsibility to the CEO, as Accounting Officer for reviewing the adequacy of the system of internal financial control that supports the achievement of the College's policies, aims and objectives. In addition, the CEO is responsible for safeguarding the public funds and assets in accordance with the responsibilities assigned in the Financial Memorandum between the College and the sector funding bodies. The CEO must report any material weaknesses or breakdowns in internal financial control to the Corporation.
- 5.2 The system of internal control is based on a framework of regular management information, administrative procedures, including the segregation of duties, and a system of delegation and accountability. It includes:
 - 5.2.1 comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body.
 - 5.2.2 regular reviews by the Governing Body of periodic and annual financial reports which indicate financial performance against forecasts.
 - 5.2.3 setting targets to measure financial and other performance
 - 5.2.4 clearly defined capital investment control guidelines
 - 5.2.5 the adoption of formal project management disciplines, where appropriate.
- 5.3 The Audit Committee will advise the Corporation on the adequacy and effectiveness of the College's assurance framework. To assist the Audit Committee in this respect the Audit Committee *may* choose to appoint an internal auditor; the work of the internal audit service will be informed by an analysis of the risks to which the College is exposed, and annual internal audit plans will be based on this analysis. The analysis of risks and the internal audit plans are approved by the Corporation on the recommendation of the Audit Committee. The CFO provides the Governing Body with a report on internal activity.
- 5.4 As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal controls, based upon the work of both the internal auditors and executive managers within the College with responsibility for the internal control framework and based upon recommendations made by the College's external auditors.
- 5.5 After making appropriate enquiries, the Corporation considers whether the College has adequate resources to continue in operation for the foreseeable future, and whether it is appropriate to continue to adopt the going concern basis in preparing the financial statements.
- 5.6 Each Manager is responsible for the management of staff in accordance with the Corporation's personnel policies and for the security and custody of all other resources, including plant, equipment, materials, cash and stores appertaining to their area of responsibility.
- 5.7 Each member of staff is responsible for adhering to the Corporation's personnel policies, ensuring that all other resources are held securely and applying them only in pursuance of college activities.

Financial Services Department

6.1. The Financial Services Department is responsible to the Chief Financial Officer for promoting the Financial Regulations and ensuring:

- compliance with the Financial Regulations.
- transparency and accountability for timely decision making.
- vigilance and providing financial advice and guidance to the Faculties and Services.
- that non-compliant practice is challenged, and breaches of the regulations are reported to the Director of Finance when appropriate and where appropriate, escalated to the CEO.
- that it can be demonstrated to funding bodies, partners, students and staff that the College has a sound system of internal financial management and control.
- the Financial Regulations are reviewed, updated and disseminated on an ongoing basis.
- training and support are provided to staff in College Faculties and Services so that staff understand the importance of the Financial Regulations and the need for full compliance.

Risk Management

- 7.1 The Financial Memorandum requires the College to have effective risk management systems in place and to provide an annual opinion on these through the Audit Committee Annual Report and Statement on Internal Control in the Financial Statements. The College views the taking of risks as an essential part of the business of further education, in its management of both core education and supporting activities. Through the implementation of its Risk Management Plan, the College seeks to identify and manage those risks that pose a significant threat to the achievement of its Corporate Strategy objectives, reputation and financial health.
- 7.2 Strategic risks are captured in the Corporate Risk Register which is monitored by the ELT and overseen by the Audit Committee and Governing Body. All risks are evaluated against clearly identified “risk tolerances” which include financial thresholds.
- 7.3 Strategic risk relating to financial health and sustainability is managed by the CFO and monitored via the College’s Corporate Risk Register. The Finance and Planning Service Risk Register contains key financial risks facing the College and, where appropriate, specific financial risks are included within Faculty and Service Risk Registers. Key controls for managing financial risks are contained in a wide range of College Policies and Procedures and are independently audited from time to time by internal and external auditors.

Public Interest Disclosures (Whistle Blowing)

- 8.1. A Public Interest Disclosure, in the context of the Public Interest Disclosure Act 1998, is the disclosure by an employee (or other party) about malpractice in the workplace. In demonstrating its commitment to the highest standards of openness, honesty, integrity and accountability to the Funding Body and other bodies, the College has in place a Public Interest Disclosure (Whistle Blowing) Policy.
- 8.2. Concerns about a workplace matter at the College will normally be addressed through approved College procedures. Such concerns may also be addressed through professional codes of practice. While members of staff are in the first instance asked to address these matters directly, the College recognises that its employees may wish to make public, serious instances of malpractice or impropriety, which cannot be dealt with by other College procedures.

- 8.3. Employees who believe they have evidence of serious malpractice or impropriety are expected to bring such evidence to the attention of senior management through the Public Interest Disclosure Policy. The College will take no action against an employee making such a disclosure, nor seek to penalise them for so doing, provided such disclosure is in the public interest and made in good faith. An employee making a disclosure within the scope of the Public Interest Disclosure Act 1988 is protected from any detriment or disadvantage to their employment rights and privilege as a result of making a protected disclosure.
- 8.4. The College encourages anyone having reasonable suspicions of suspected or actual fraud, bribery, malpractice, abuse or corruption to report them to their line manager, the Chief Executive Officer or via the College's "Whistleblowing" procedures. View the Public Interest Disclosure Procedure [here](#)

Code of Conduct

- 9.1. The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the Seven Principles of Public Life established by the Committee on Standards in Public Life (formerly known as the Nolan Committee). Members of staff at all levels are expected to observe these terms of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. In addition, the College expects all staff to observe its detailed financial procedures, which provide guidance on conduct in relation to financial matters.
- 9.2. It is the policy of the College that its business is conducted in an honest way and without the use of corrupt practices or acts of bribery to obtain an unfair advantage. Staff, students and third-party representatives must not deliberately offer, promise or give (or request) a cash or other inducement in order to obtain or retain business or an advantage in the conduct of business. The College attaches the utmost importance to this policy and will apply a 'zero tolerance' approach to acts of bribery and corruption. These regulations should be read in conjunction with the College's Anti-Fraud Policy which reflects the requirements of the Bribery Act 2010, and signposts other relevant policies and guidance.
- 9.3. Additionally, staff and governors are required to disclose, as appropriate, personal and business interests in the Register of Interests maintained by the Head of Corporate Governance and Policy. Those making such disclosures are responsible for ensuring that entries are kept up to date regularly and promptly, as prescribed.
- 9.4. If an employee of the College, or a member of the Governing Body, becomes aware of a contract in which they have a financial interest, whether directly or indirectly, has been or is proposed to be entered into by the College, they must, as soon as possible, give notice in writing to the CFO. The CFO will notify the Strategic Procurement and Contracts Manager and the Finance Director. No such contract shall be entered into prior to consultation between the Finance Director and the CFO.

Receiving Offers of Gifts or Hospitality

- 10.1. The College is committed to the highest standards of ethical behaviour, acting with integrity and upholding the law, including the Bribery Act 2010. Acts of bribery and other corrupt behaviour involving gifts and hospitality will not be tolerated in any of the College's activities, at home or abroad, including where such activities are undertaken by third parties acting on the College's behalf.
- 10.2. It is imperative that the giving or receiving of gifts and hospitality can stand up to scrutiny. Gifts and hospitality must be reasonable and appropriate and must not exceed normal business courtesy. Their

primary purpose should focus on establishing cordial relationships with business partners or better presenting the College.

- 10.3. In accordance with the Bribery Act 2010, it is entirely appropriate to offer and receive gifts and hospitality that are:
- reasonable and proportionate to the business being undertaken; and
 - typical to the relevant business sector.
- 10.4. The conduct of a member of staff should not create suspicion between their duty as an employee of the College and any private interest they may have.
- 10.5. Gifts and hospitality should not be offered or accepted during procurement exercises, student assessments, award submissions, funding bid processes or other decision-making processes.
- 10.6. Care must be taken in the receipt of a gift or hospitality from an individual organisation that hopes to, or has the potential to, have a business relationship with the College.
- 10.7. It is a specific offence under the Bribery Act 2010 to offer an inducement to a foreign public official anywhere in the world. Additional care must be taken when extending gifts or hospitality to foreign public officials at any level to avoid these being seen as an inducement and to avoid allegations of misconduct and impropriety.

Exclusions

- 10.8. It is acceptable to offer and receive the following hospitality, and there is no need to obtain approval or register it **unless** it may be perceived as a possible inducement:
- Normal courtesies of meetings, training courses and conferences including tea, coffee, soft drinks, biscuits, modest working lunches (e.g., sandwiches and buffet food) and evening meals at conferences.
 - Accommodation and entertainment provided as part of a conference or training course where attendance has been paid for by the College.

Declarations

- 10.9. All Governors and staff are required to [declare the offer of hospitality and/or gifts](#) which are offered or received arising from the performance of their College duties which exceeds £35. It is intended to be set at a minimum level which excludes minor gifts of a promotional or advertising nature e.g., pens, diaries, calendars. If in any doubt as to the value of the hospitality or gift “Greater than £35” should be stated on the declaration.
- 10.10. Gifts of a higher value (over £35) require prior approval by the CFO. If accepted, such gifts will become the College’s property and should not be retained by an individual staff member. This specifically **includes** prizes received by staff in the course of discharging their duties.
- 10.11. This limit shall be reviewed annually, and changes communicated to staff.
- 10.12. All Governors and staff shall inform the Head of Corporate Governance and Policy prior to the receipt of hospitality or gifts (if possible) or immediately on receipt of hospitality or gifts. The following information should be disclosed.
- date
 - description of gift/hospitality
 - donor
 - recipient
 - estimated value

- 10.13. The Head of Corporate Governance and Policy shall report annually to Governors on gifts and hospitality received or declined.

Funds held on Trust

- 10.14. Gifts, benefactions and donations - The CFO is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the College.
- 10.15. Student welfare and access funds - The CFO will prescribe the format for recording the use of student welfare funds. Records of access funds will be maintained according to Funding Body requirements.

FINANCIAL MANAGEMENT AND CONTROL

11. The CFO is responsible for preparing, annually, a financial plan for consideration by ELT and for approval by the Governing Body. The CFO is also responsible for preparing financial forecasts for submission to the Funding Body. Financial plans must support delivery of the College's Corporate Strategy and any of its subsidiary strategic financial objectives.

The College's financial year starts on **1 August** and runs until **31 July** the following year.

Financial Management

- 11.1. On an annual basis budgets will be set that include both income and expenditure targets for Faculties and Services. Budgets will be set for income and expenditure in line with the College's Finance Strategy. Principal Budget Holders are responsible for delivering financial targets, including those for the generation of income and the management of costs set for their area of responsibility.
- 11.2. The Director of Finance will develop, review and maintain financial planning and budgeting procedures to support these Financial Regulations.
- 11.3. The requirements of sector funding bodies for financial plans will be adhered to at all times.
- 11.4. The College will inform the DfE immediately if at any time there is a significant deterioration in its financial position. In this context, significance may be determined by the CEO, the FRP or the Governing Body, but will include all adverse changes which are likely to cause the College to fall into a lower financial health category, or which will cause the College to borrow to maintain its solvency.
- 11.5. Principal Budget Holders will be assisted in their duties by appropriate management information provided by the Director of Finance. Budget Holders should work with the Director of Finance to eliminate the need to maintain additional financial records within Faculties and Services that are outside of the College's financial system.

Budget Preparation

- 11.6. The CFO is responsible for preparing, the annual financial budget for the College which incorporates a budget for each Faculty and Service. The budget must be approved by the ELT and the Governing Body, and will include Income and Expenditure account, Balance Sheet, Cash Flow Statement, and capital projections.
- 11.7. The financial plans and budgets will be presented to the Governing Body following review by the FRP in a format agreed by them but will in any case include:
 - a statement of the assumptions made
 - a list of key actions
 - income and expenditure account, balance sheet (incl capital assumptions) and cashflow information
 - financial targets and performance indicators

- 11.8. Revised financial forecasts may be presented for approval to FRP and the Governing Body at any time, but in any case, a revised financial forecast for any single financial year will be submitted at least twice in the year.
- 11.9. The FRP and the Governing Body will be informed as soon as possible if any event occurs, or information is received, which causes a significant change to the approved budget. The CEO will determine the level of significance on the advice of the CFO.
- 11.10. The Governing Body has authority to vire (transfer) between any budget heads other than specifically earmarked funds.
- 11.11. Principal Budget Holders are permitted to vire (transfer) expenditure from one cost code to another provided they do not exceed their total expenditure forecast in the year in question. In this context, however, virement is not allowed between staffing expenditure and non-staffing expenditure, without except where there are specifically earmarked funds, or the prior approval of the Finance Director has been obtained.
- 11.12. In certain circumstances it may be advantageous to the College to establish a company or enter into a joint venture arrangement to undertake services, or hold resources and designated activities, on behalf of the College. This includes wholly or partly owned subsidiary companies of the College. Any member of staff considering whether to establish a company or a joint venture should first seek the advice of the CFO.
- 11.13. All new ventures to be entered into by the College will be approved in advance by the Corporation. The proposal to the Corporation should include a business plan, risk assessment and financial appraisal. A new venture is defined as:
- Any substantial (commitment or risk exceeding £300,000) arrangement entered into for business purposes whether extending the College's provision (range of courses) or of a commercial nature
- 11.14. Progress reports on such new ventures will be submitted to the Corporation in accordance with the timescale determined by the Corporation.

Capital Programmes

- 11.15. The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs that are capitalised within the College's financial statements, whether or not they are funded from capital grants. Expenditure of this type will be determined as part of the budget setting and review process as part of the overall Finance Strategy and in line with cashflow constraints
- 11.16. The CFO will establish protocols for the approval of capital projects, for inclusion in the financial plan
- 11.17. The CFO will establish procedures for the approval of variations in expenditure on approved capital projects, including the notification of large variations to the Funding Body, as laid down in Funding Body guidelines and the College's capital procedures
- 11.18. The CFO is responsible for reporting on capital expenditure to the ELT and the Governing Body
- 11.19. Following completion of a major capital project (for example a new build or major refurbishment work), a post-project evaluation final report should be submitted to the FRP. This should include actual expenditure against budget as well as other issues affecting completion of the project that could have a bearing on future projects

Financial Accounting and Reporting

12. Financial Accounting System - All the financial transactions of the College must be recorded onto the College's financial accounting system – PS Financials.
- 12.1. System Access - Entry to the financial accounting system is password restricted and the CFO is responsible for overseeing access levels for all members of staff using the system.
- 12.2. Backup Procedures - The CFO is responsible for ensuring that there is effective back up procedures for the system and that cyber controls support risk mitigation.
- 12.3. Transaction Processing - All transactions input to the financial system must be authorised in accordance with Financial Procedures or the Financial Regulations, where appropriate.

Income (Including Grants)

13. The Governing Body, on the recommendation of the FRP will, on an annual basis, undertake a review of tuition and other fees levied by the College and will approve any changes considered appropriate. Guidance relating to the payment and remission of fees will be included in the Fees Policy and the Enrolment Handbook.
- 13.1. The collection of and accounting for all sums due to the College shall be in accordance with the College's financial procedures. Particulars of all charges to be made for work done or services rendered, or goods supplied by the College shall be notified promptly to the Finance department.
- 13.2. All money received on behalf of the College shall be paid into the bank account designated or directed. No deductions may be made from such money, which shall be paid intact into a designated account as soon as practicable.
- 13.3. The amount of cash held on college premises should at no time exceed insurance limits (the insurance limit is set at £30,000). If sums held exceed this limit, they should be paid forthwith into a bank account and not later than the next business day after receipt
- 13.4. The CEO may authorise the refund or waiving of any fees, these powers may be delegated.
- 13.5. Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. Failure to respond to these conditions often mean the grant may be subjected to a significant financial penalty. It is the responsibility of the named supervisor or grant holder to ensure that conditions of funding are met.

Income Generation

14. All other income generating activities must be self-financing or surplus generating unless approved by the CFO before any commitments are made. Provision must be made for charging both direct and indirect costs in order to ensure full recoverability of overheads.
- 14.1. Prior to any work being undertaken the VAT implications on all other income generating activity must be considered.

- 14.2. Any unplanned deficits incurred on other income generating activities will be charged to the department.
- 14.3. All staff must ensure adherence to the requirements of this clause 14, before submission of bids/tenders with legally binding terms and conditions.
- 14.4. In order to ensure business opportunities can be responded to, the following authority is delegated for bids/income contracts as follows:

BIDS/CONTRACT VALUE*	AUTHORISED APPROVER
Up to £25,000	Delegated Approval to Budget Holder
Up to £100,000	Vice Principal Partnerships & Commercial
Up to £300,000	Chief Financial Officer
Above £300,000	ELT & Governing Body

- 14.5. Further information is provided in the Delegated Authority Matrix in annex C

Indemnities, Guarantees and Letters of Comfort

15. The College should assess contracts that contain indemnities and understand whether they are within the normal course of business. The College may need to obtain its own independent legal advice before entering into them. The College should also maintain a contract register, including known indemnity clauses with the necessary assessments. The FRP should provide the appropriate oversight and challenge to the College to ensure the appropriate assessments and records management are maintained.

- 15.1. MPM requires DfE approval of various liabilities, including indemnities, guarantees and letters of comfort, other than those arising in the normal course of business. In circumstances where the request:

- Exceeds 1% of annual income or £45,000 individually (whichever is the smaller); or
- Takes the College's cumulative total of such contingent liabilities for the academic year beyond 5% of annual income or £250,000 (whichever is the smaller)

For these purposes, income will be budgeted total income for the current year as approved by the Governing Body

- 15.2. The table below sets out the revised approval framework, however, due consideration will be given, by the Governing Body, of overall income budgets. In circumstances whereby the College's total projected income falls below £45m the levels at which DfE approval is required will be reduced.

FINANCIAL VALUE	FINAL PROPOSER	AUTHORISED APPROVER
Individual balances of less than £45,000 or 1% of annual income (whichever is smaller)	Budget Holder	ELT
Individual balances of more than £45,000 or 1% of annual income (whichever is smaller)	FRP followed by Governing Body	DfE

Additional requests where cumulative annual total of all requests exceeds £250,000 or 5% of total annual income	FRP followed by Governing Body	by DfE
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- 15.3. ELT, followed by FRP and Governing Body consideration will be required prior to submission of a request to DfE for approval.
- 15.4. Indemnity clauses in commercial contracts entered in to, during the normal course of business are not restricted and do not require DfE consent.
- 15.5. Provision of indemnities outside of the normal course of business, guarantees and letters of comfort, below the limits set out above, are not permitted without the prior approval of ELT.
- 15.6. Any requests for these items should be made via the Procurement department and should include a business case detailing the rationale for consideration. The Procurement department will maintain a register of all approved indemnities, guarantees and letters of comfort.

Debt and Debtors

16. The CFO is responsible for implementing the College’s credit control procedures.
- 16.1 The CFO is responsible for ensuring that:
- invoices are raised promptly in respect of income due to the College.
 - invoices are raised on official College stationery.
 - action is taken to collect overdue debts in accordance with the College’s debt collection procedures.
 - outstanding debts are monitored, and reports provided to appropriate leaders and managers within the College.
 - active measures shall be taken to recover all debts to the College and all staff are required to assist The Chief Financial Officer in the recovery of debts.
 - debt collection shall be carried out as prescribed in the relevant debt collection procedure.
 - debtors shall normally be referred to a debt collection agency if they remain outstanding.
 - decisions as to the level of action to be taken will be made based upon the level of debt, costs of legal action and consider prior levels of success.

Write-Offs

- 17 Under MPM, the College has delegated authority to write-off amounts up to certain individual and cumulative limits. Beyond these limits, write-offs and losses must be referred to DfE for approval in advance. DfE consent to a write-off will only be required if:
- the write-off exceeds 1% of annual income or £45k individually (whichever is smaller), or
 - the write-off takes the College’s cumulative total write-offs for the academic year beyond 5% of its annual income or £250k (whichever is the smaller).
- 17.1 For these purposes, income will be the budgeted total income for the current year as approved by the Governing Body.

17.2 The table below sets out the revised approval framework, however, due consideration will be given, by the Governing Body, of overall income budgets. In circumstances whereby the College's total projected income falls below £45m the levels at which DfE approval is required will be reduced.

17.3 Amounts to be written off require the following approvals:

WRITE OFF AMOUNT	PROPOSER	AUTHORISED APPROVER
Up to £25,000 (inc. individual balances of £10k or less)	Director of Finance	Chief Financial Officer
£25,000 to £100,000 (inc. individual balances of £45,000 or less)	Chief Financial Officer	FRP
Over £100,000 (inc. individual balances of £45,000 or less)	Chief Financial Officer	FRP followed by Governing Body
Individual balances of more than £45,000 or 1% of annual income (whichever is smaller)	Chief Financial Officer	FRP followed by Governing Body followed by DfE
Annual amounts of £250,000 or 5% of annual income (whichever is smaller)	Chief Financial Officer	FRP followed by Governing Body followed by DfE

17.4 Before proposing a write-off, the College must consider and clearly document (with legal advice as appropriate):

- The circumstances
- The rationale for the proposed write-off, including any legal advice
- Cost effectiveness - of further action
- Good/bad faith – in the case of an overpayment, whether the recipient accepted the money in good or bad faith
- Whether the write off is a result of fraud and appropriate action to be taken
- Internal controls - whether the investigation has shown any defects in the College's systems of control and, if so, what action will be taken.

17.5 Irrespective of the amount of money involved, the College must always consult DfE if they identify losses and write-offs which may

- involve important questions of principle
- raise doubts about the effectiveness of existing systems
- contain lessons which might be of wider interest
- are novel, contentious or repercussive
- might create a precedent for other colleges in similar circumstances, or
- arise because of obscure or ambiguous instructions issued centrally.

Banking

18 All banking arrangements with the College's lenders shall be made by, or under arrangements approved by the CFO

18.1 The Finance Department is the only department empowered to operate a bank account in the name of the College or its subsidiary companies and no cheques or financial instruments made payable to the College shall be endorsed and credited to any other account.

18.2 All bank accounts will be held in the name of the College or its subsidiary companies, unless otherwise approved by the Governing Body.

18.3 Changes to bank accounts and cheque signatories will be approved by the CFO

18.4 It shall be the responsibility of the CFO, Director of Finance or Head of Finance to review each payment proposal and authorise creation of the Bacs file for payment (via the payment control sheet or via electronic means), prior to the submission of the payment file to the bank. In exceptional circumstances this authorisation can be completed by the Finance Manager.

Treasury Management

Treasury Management is defined as:

“The management of cash flows, banking, money market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

19 The principal activities of the College’s treasury management operation include

- borrowing
- investment
- debt repayment and re-scheduling
- consideration, approval and use of new financial instruments and treasury management techniques

19.1 The strategies for the College’s treasury management operation will be reported on and implemented by the CFO after consideration and agreement by the FRP.

19.2 The CFO will report on the College’s treasury management process and progress made bi-annually.

19.3 The College’s financial strategy is to return to a financial health grade of “Good”, as calculated via the ESFAs approach to assessing the financial health of organisations.

Borrowing

20 The new requirements to meet MPM rules relate to any proposed new borrowings, or any amendments to existing or future borrowings, including finance leases and overdrafts.

20.1 To meet the requirements under MPM, approval of borrowings or changes to existing borrowings require DfE and potential HMT approval, in advance of committing to any new financing agreements

20.2 All requests for new loan borrowings, or material changes to existing agreements, must be considered by the Governing Body prior to submission to DfE for approval.

20.3 MPM is clear that from the date of reclassification colleges, as public sector organisations, may borrow from private sector sources only if the transaction delivers better value for money for the Exchequer. Because non-government lenders face higher financing costs, in practice it is very unlikely that colleges will be able to satisfy this condition for future private sector borrowing.

Investment

- 21 The College will adopt a prudent and secure approach to the investment of temporary surplus funds. Priority will be given to security and liquidity rather than yield, but the highest rates of interest will be sought consistent with proper levels of security and liquidity.
- 21.1 The CFO shall have delegated powers to instruct the transfer of funds on a day-to-day basis in accordance with these regulations. This shall include the power to transfer funds between different types of banking schemes.
- 21.2 The College will under no circumstances borrow to invest and make a return.
- 21.3 The College will only invest surplus funds with those banks and building societies with the healthier credit ratings in the financial sector. The College will continue to monitor activities of other local organisations.
- 21.4 When investing surplus funds the College will take account of competitive rates, conditions and terms and will seek to restrict the amounts invested on deposit with any single institution to £5m. With regards to funds on deposit with the College's day-to-day banking services provider, short term deviations from this maximum will be permitted where the surplus funds are anticipated to fall back to the acceptable level over a short period of time. There will be an overriding requirement to ensure funds are available to meet anticipated requirements of the College and for this purpose a prudent approach will be taken to cash flow forecasts.

Debt Repayment and Re-Scheduling

- 22 If any opportunities arise for repayment or re-scheduling of debt, e.g., the application of 'windfall' cash receipts, those will be reported to the earliest available meeting of the FRP for consideration and approval.

New Financial Instruments and Treasury Management Techniques

- 22.1 The College will seek to take advantage of any cash management opportunities, including tax planning, and new treasury management opportunities which may arise. These will be included in the annual report.

Reports to Governors

- 22.2 Through existing budget review processes the following reports will be presented to Governors:

- Financial targets and performance against those targets
- Cash flow and capital financing forecasts
- Interest paid and received

- 22.3 An annual report will be prepared and reported to the FRP and the Governing Body detailing compliance against the Treasury Management Policy, investments held over the year and investment income received.

Money Laundering

- 22.4 The College is committed to high standards of ethical behaviour and to preventing and detecting all criminal activity, including money laundering. In response to the Proceeds of Crime Act 2002 and

Money Laundering Regulations 2007, the College and its employees are required to comply with this legislation. Money laundering regulations apply to cash transactions in excess of €15,000 (approximately £13,100). The highest standards of due diligence must be applied in relation to 'know your customer' principles.

- 22.5 College staff are required to report any suspected occurrences of money laundering to the CFO, who is responsible for responding to reports of suspected money laundering activity. Staff could be committing an offence if they suspect money laundering but fail to report it.

Expenditure

General

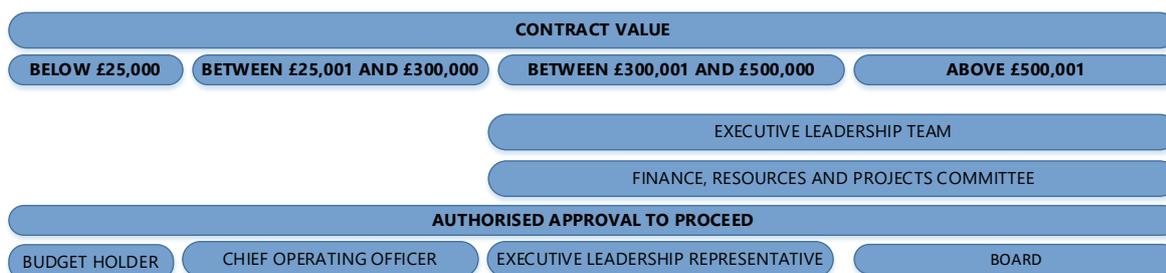
- 23 The College must demonstrate the proper and effective use of public funds. The main requirements are:

PROBITY	To demonstrate that all parties dealing with the College are dealt with on a fair and equitable basis and that there is no private gain, favouritism or corruption involved in any of the dealings of the College
ACCOUNTABILITY	The College is publicly accountable for its expenditure and for the conduct of its affairs
VALUE FOR MONEY	The achievement of value for money underpins the appropriate use of public funds

- 23.1 All figures quoted in these procedures are **inclusive** of VAT.
- 23.2 The College requires all staff, irrespective of the source of funds, to obtain value for money when purchasing supplies, works, and services. Value for money is the balance of whole life costs and benefits that meet the requirements of the College. Whole life costs comprise all costs involved in acquiring, owning, maintaining, operating, and disposing of goods, works and services.
- 23.3 No expenditure shall be incurred unless the provision has been made in the annual budget, revised from time to time by the Governing Body
- 23.4 In accordance with the procurement legislation, the College is required to aggregate expenditure by supplier and commodity type across the College. This will be considered by the Procurement Department when a procurement strategy for a contract is identified.

Authorisation

- 23.5 In the CEO's absence, the Principals or the CFO are authorised to act in the capacity of the CEO.
- 23.6 When, in the opinion of the CEO, any proposed purchase has policy or strategic implications, a report shall be presented to the FRP for approval, prior to placing an order. The CEO will be advised of all such purchases by the responsible Budget Holder
- 23.7 Every expenditure contract to be entered into by the College shall be approved and signed by an authorised officer and is subject to the regulations around Quotations, Tenders and Exemptions set out in paragraphs 25.1-25.11 of this section. For the purposes of contracts, the authorised officer shall be:



- 23.8 A signed copy of all significant contracts (above £50,000) must be retained and managed by the Procurement Department.
- 23.9 No employee can approve purchases if they have not been given delegated authority to do so.
- 23.10 No employee is authorised to commit expenditure without first ensuring that budgets are available to meet the commitment

Conflict of Interest

- 23.11 A conflict of interest exists where a member of staff or a governor has a financial interest, whether directly or indirectly, in any contract which has been, or is proposed to be, entered into by the College. Notice must be given in writing to the Head of Corporate Governance and Policy of the fact that such a conflict of interest exists as soon as possible. The Head of Corporate Governance and Policy will notify the CFO. No commitment is to be made to a supplier prior to approval by the CFO.
- 23.12 All Budget Holders responsible for authorising expenditure will be required to declare any potential conflict of interest, for all purchases of goods, works and services prior to the commitment.
- 23.13 The Head of Corporate Governance and Policy will maintain the Register of Interests, which will be available for examination by auditors.

College Policies

- 23.14 The College's Travel and Subsistence Policy as approved by the FRP, applies to all staff and Governors. Approval of expenses claims of the Executive and Governors is as follows:
- Executive (except Chief Executive Officer): authorised by the Chief Executive Officer
 - Chief Executive Officer: authorised by Chief Financial Officer
 - Governors: authorised by the Head of Corporate Governance and Policy
- 23.15 The College's policy on Gifts and Hospitality applies to all staff and Governors
- 23.16 Anti-Fraud, Corruption and Bribery Policy compliance, applies to all staff, Governors, contractors and subcontractors when procuring goods, works and services.
- 23.17 No PO No Pay Policy applies to all goods, works and services procured by college employees.
- 23.18 Procurement Policy and Principles applies to all College employees.
- 23.19 All estates/works expenditure must be directed via the Estates department. Purchase orders for office furniture must also be countersigned by the Executive Director of Estates
- 23.20 All catering requirements must be directed via the Food and Beverage Manager

- 23.21 All Health and Safety orders must be directed via the Health and Safety department.
- 23.22 All IT purchases (hardware and software) must be directed via IT Services. Purchase orders for IT equipment must also be countersigned by the Executive Director of IT.
- 23.23 Budget holders are responsible for ensuring that any orders for goods and services are within their approved budget. Where this is not the case, the budget holder must seek authorisation to exceed their budget from the CFO or the Director of Finance.
- 23.24 All purchases are subject to compliance with the thresholds demonstrated in the Quotations and Tenders Regulations (section 23.5).

Purchasing

Requisitions

- 23.25 Purchase Requisitions for goods, works and services shall be submitted on the electronic Procure to Pay platform and authorised by the relevant budget holder or other authorised signatory. Each manager shall be responsible for all requisitions raised in their area of responsibility.
- 23.26 Requisitions must fully detail the items/services required, the correct supplier, the correct delivery address, the price, the nominal code, department and detailed analysis field.
- 23.27 Requisitions exceeding the financial thresholds **must** have supporting information attached.
- 23.28 Staff must not make commitments with suppliers without either the prior issue of an official purchase order or an authorised purchase card transaction.
- 23.29 Invoices which do not state an official order number will be returned to the supplier, in alignment to the No PO No Pay Policy, except in exceptional circumstances, or with the prior approval of the Director of Finance. Consistent breaches of this requirement (i.e., use of Confirmation Orders) will be reported to the CFO and disciplinary action may be taken.
- 23.30 In consultation with Procurement, value reducing orders may be raised for high volume, low value purchases with a specific supplier, it must clearly indicate the period of cover and the anticipated level of expenditure, and work flowed for approval to the budget holder.

Requisition Approval Workflow

VALUE	WORKFLOW
Up to £3,000	Budget Holder
£3,000 to £10,000	Procurement > Budget Holder
£10,000 to £50,000	Procurement> Director of Finance > Budget Holder > CFO
£50,001 and above	Procurement> Director of Finance > Budget Holder > CFO > CEO

Goods Receipt

- 23.31 The orders generated from the College’s financial system will state the appropriate arrangements for delivery of goods to the College. On receipt of goods, a detailed check of the goods received against the

goods received note (GRN) will be undertaken by someone other than the person who confirmed the order and a record made of any discrepancies between the goods delivered and the GRN. The supplier of the goods should be informed of any discrepancies without delay.

- 23.32 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, this should be notified to the requisitioner, the supplier and Procurement. The requisitioner shall ensure that a central record of all goods returned to suppliers is maintained.
- 23.33 The financial system should be updated to reflect the items received against the order as a GRN by the person who has checked the goods received against the Purchase Order.
- 23.34 It is the responsibility of the Budget Holder to ensure that staff are aware that all goods, works and services are goods receipted in a timely manner to manage their budget.
- 23.35 Users who consistently fail to follow the regulation will be reported to Senior Management.

Purchase Cards

- 23.36 The operation and control of the College's purchase card scheme is the responsibility of the Chief Financial Officer
- 23.37 The issue of Purchase cards will follow a request from a Budget Holder which must be approved by ELT representative. Holders of purchase cards must use them only for the purposes for which they have been issued. They are only to be used to purchase services and goods up to the value of an individual cardholder's transaction limit, where no contract or agreement exists
- 23.38 Purchases must not be split in order to by-pass the single transaction limit or Procurement Thresholds. *This will be considered a misuse (*See 24.43) and your card may be withdrawn.* In exceptional circumstances these limits may be amended, subject to the agreement of the Budget Holder and written notification to the delegate authority of the Director of Finance.
- 23.39 Card details must be held securely and not "loaned to", "shared with" another person, nor should they be used for personal or private purchases. Cardholders are required to complete an employee agreement to the **Purchase Card Rules of Issue** prior to the card being issued.
- 23.40 Users should ensure that where the College has approved suppliers for certain goods or services via pre-negotiated contracts, purchases should be sourced from these suppliers utilising the Procure to Pay Solution.
- 23.41 Where there is evidence of misuse or abuse, cards will be withdrawn from cardholders and disciplinary action may be taken. The College reserves the right to withdraw the card at any time.
- 23.42 Budget holders are responsible for ensuring that the College obtains value for money in alignment to 23.5 and manages its legislative requirements, due diligence and duty of care involved in those activities.
- 23.43 Purchase cards must not be used to settle invoices, which have been received into the College.
- 23.44 Cardholders are responsible for reconciling monthly statements to purchases and for highlighting any anomalies to Finance.
- 23.45 Cardholders are responsible for ensuring all purchases are reconciled in a timely manner, applying the correct nominal code (expense) and cost centre on the preferred reconciliation system and ensuring, where required, all receipts are attached to the correct item. Failure to do so may result in the withdrawal of the Purchase card

- 23.46 The delegated approver for each purchase must ensure all goods and services shown on the statement have been ordered on behalf of the College and are authorised in accordance with the approver's delegated authority
- 23.47 Receipts for goods and services purchased must be obtained and retained electronically on the reconciliation system for audit purposes.

Invoices

- 23.48 All invoices must be received into the dedicated email inbox.
- 23.49 Invoices for the supply of goods and services will be paid by the Finance Department only after certification of a Goods Received Note. Certification shall mean that:
- Goods have been received, the work done, or the service rendered, and that they are satisfactory as to quality, correct as to quantity and specification.
 - Goods or services have not been paid for previously.
 - Prices are correct and all trade and cash discounts have been deducted.
 - Relevant expenditure has been properly incurred and is within the relevant budget provision.
 - Appropriate entries have been made in inventories, stocks or stores records.
 - Account is arithmetically correct.
- 23.50 Details of all disputed invoices should be notified to the Finance Department.
- 23.51 Payment to suppliers shall not be made until all of the above actions have been undertaken
- 23.52 The Late Payment of Commercial Debts (Interest) Act 1998 (as updated by the Late Payment of Commercial Debts Regulations 2013) was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities.
- 23.53 In view of the penalties provided for by this Act, undisputed invoices should be processed within 30 days (of receipt of invoice, or receipt of goods/services, if later than invoice receipt date. The CFO is responsible for managing cash and credit terms.

Procurement

Pre-Tendering Gateway

- 23.54 Where pre-negotiated contracts exist for the supply of particular goods, services and works, these must be used in all cases. Further details are available from the Procurement Department.
- 23.55 A conflict of interest exists where staff have a financial interest, whether directly or indirectly, to any contract which has been or is proposed to be entered into by the College. Notice must be given in writing to the Director of Finance of the fact that such a conflict of interest exists as soon as possible. The Director of Finance will notify the CFO. No purchase will be made from a supplier in such circumstances without the approval of the CEO, with whom the CFO will consult.
- 23.56 All staff should endeavour to obtain 'best value' on all requirements.
- 23.57 It is important to note that where the services, supplies or works are of a similar type or have similar characteristics then the requirements must be combined to determine the overall value and not split into separate orders over a period of time. When estimating the value of the procurement, you must take into account the total estimated spend for the duration of the contract including any possible

extension periods or additional costs such as training, implementation, maintenance etc. where appropriate.

Mandatory Thresholds

23.58 The following requirements are mandatory:

TOTAL VALUE SPEND	PROCUREMENT PROCEDURE
Up to £3,000	Value for Money - One quotation
£3,000 to £5,000	Value for money - One quotation – all orders must be counter-signed by the Procurement Manager or the Director of Finance, or another Financial Officer designated by the Director of Finance, in writing.
£5,001 to £25,000	Request for Quotation – Three written quotations
£25,000 to £50,000	Request for Quotation – Three written quotations, award to be published on Contracts Finders
£50,001 – *Public Contract Threshold	Invitation to tender – minimum of three tenders, award to be published on Contracts Finders
*Above Public Thresholds	Invitation to Tender – in alignment with the Public Contract Regulations

**See Section 23.60 for current thresholds*

23.59 Where two or more items, forming a set of articles, are required, the various transactions will be treated as a single transaction. Split orders aimed at circumventing financial limits should not be made under any circumstances. Any circumstances where it appears that this is the case will be considered a breach of these financial regulations and reported to the CFO.

Above Public Contract Threshold Tenders

23.60 Orders or contracts with an anticipated value over the Public Contract Threshold are subject to Public Contract Regulations. In these circumstances, a Tender Request Form must be completed, for review by the CFO, prior to proceeding with the tender.

CURRENT TENDER THRESHOLDS (Incl VAT)	
Goods and Services	£213,477
Works	£5,336,937
Light Touch Regime	£633,540

23.61 It is important to note that where the goods, services or works are of a similar type or have similar characteristics then the requirements must be combined to determine the overall value and not split into separate orders over a period of time. When estimating the value of the procurement, you must take into account the total estimated spend for the duration of the contract including any possible extension periods or additional costs such as training, implementation, maintenance, support, end of life costs etc. where appropriate.

23.62 All awarded contracts above £25,000, not previously advertised must be published on Governments 'Contracts Finder' portal.

23.63 The College is required to write a report prior to award for approval for all competitive processes in alignment to Section 84 of the Public Contract Regulations 2015 which details:

- The selected Route to Market and why
- The evaluation process
- Why unsuccessful tenderers were excluded at various stages
- Information on subcontractors
- How many SME's tendered
- The Procurement recommendation

23.64 The documentation must be retained for the duration of the contract + 6 years. The Cabinet Office can ask for copies of these reports.

Exemptions to Tendering Requirements

23.65 **This must be considered to be the exception to the rule** and you may only apply for an exemption from the requirement to obtain quotations or tenders under specific circumstances via a Tender/Quotation Exemption Application Form which is available [here](#)

23.66 Where the value of a contract/order does **not** exceed the thresholds of the Public Contract Regulations, exemptions from clauses 25.1-25.11 may be considered.

23.67 For amounts over £10,000 and below Public Contract thresholds, exemption may only be sought by means of a completed tender exemption application, in one or more of the following circumstances:

- for goods, works or services which are obtainable only from one supplier, based on manufacture, location or knowledge and full justification and evidence must be provided by the Budget Holder to demonstrate this.
- there is an unforeseeable emergency involving immediate risk to person, property or serious disruption to college services.
- the repairs of parts for or additions to existing hardware, machinery or plant or where comparable costs for repairs, parts or additions would not be compatible with the existing kit.
- purchase or repair of articles sold at fixed price, where no variance of price would be obtained by tendering.

23.68 Urgency, where the need “has been identified but not progressed”, will **not** be accepted as justification for a single supplier being selected. Expenditure will be monitored and reported to the CFO for consideration as to appropriate action.

23.69 The tender exemption application can only be signed by a budget holder and must include a declaration that due diligence has been undertaken in support of the waiver application, in accordance with the Bribery Act 2010. When a tender is expected to have a value equal to, or in excess of the Public Contract threshold tender waivers **must not** be used or accepted.

23.70 Applications will be evaluated to ensure that the College is not at risk of breaching the law or likely to breach funding body requirements that could lead to penalties or withdrawal of funding at a later stage. Staff **must not** make a commitment to suppliers before an exemption application is approved and should plan sufficient time for a procurement process to be completed in the event that the application cannot be approved.

23.71 All waiver applications made using pro-forma should be submitted to the Finance department and must be verified and supported by the Procurement Manager or Director of Finance prior to approval as follows:

EXEMPTION VALUE	APPROVAL REQUIRED
up to £10,000	Director of Finance
up to £50,000	Chief Financial Officer
above £50,000 below *Public Contract Thresholds	Chief Executive Officer

**See Section 23.60 for current thresholds*

23.72 A register of exemptions will be held by the Director of Finance and approved waivers of the Financial Regulations will be reported to FRP on an annual basis.

23.73 When deciding on the results of a competitive process, contracts will be awarded on the basis of the most advantageous tender (whole life cost including but not limited to price, quality, service, support, maintenance, disposal).

23.74 The CFO must be formally consulted where the purchase is to be made using standing arrangements with other public bodies, government department or public purchasing consortia.

23.75 In order to avoid wasteful duplication of effort, where a tendering exercise has recently been undertaken in respect of the provision of goods and services the College can enter into a further contract for the provision of similar services within the twelve months following the exercise, so long as the increase in value is no greater than 10%.

Authorised Exceptions to Tendering Requirements

23.76 Annex A to the College Financial Regulations sets out agreed exceptions to the requirement to undertake formal procurement procedures, this list has been approved by the CFO and will be reviewed on an annual basis.

Engagement of Consultants

23.77 The initial engagement of an external consultant must follow the same procurement rules as any other standard purchase.

23.78 Any subsequent extension of an external consultant beyond the agreed term may be authorised by the budget holder (within their delegated authority) where the requirement to undertake market testing would be considered detrimental to the College and progress of the specific project. It is the responsibility of the budget holder to:

- Determine that the ongoing use of a consultancy arrangement is appropriate in the continued delivery of value for money and;
- Notify the CFO where any variation to contract may be necessary.
- Complete an IR35 test to determine the status of employment

Contracts

23.79 Budget Holders must ensure that staff are aware of the Financial Regulations and adhere to their requirements, particularly when their actions may commit the College to a contract with a third party.

23.80 Staff must endeavour to negotiate contracts on the basis of the College's standard terms of business wherever possible.

23.81 Where it is proposed that contract terms and conditions are to be a departure or variation from the College's standard terms of business, these must be assessed and approved by the CFO or their delegated party, in writing, in advance of their execution.

Deeds

23.82 All contracts to be executed as deeds, must be executed under the Corporation Seal of the College and must be authenticated by the signature of either the Chair or of some other member authorised either generally or specially by the Corporation to act for that purpose and the signature of one other Corporation member. The Head of Corporate Governance and Policy must be notified and will ensure the appropriate process is adhered to and details are recorded.

Payroll

24 The remuneration and benefits of senior post holders are considered by the Governance Committee who make recommendations to the Governing Body.

24.1 All new staff appointments shall be approved by the Workforce Planning Forum and on such terms and conditions as have been agreed by the Corporation.

24.2 The CFO shall be responsible for ensuring that all standing data on employees contained within the HR module of the HR/Payroll system is accurate and up to date and shall be responsible for authorising all amendments. The CFO shall be responsible for ensuring that all standing data and temporary amendments contained in the payroll module of the HR/Payroll system are accurate and timely.

24.3 The College's payroll procedures must be adhered to at all times. All amendments to standing data must be authorised in accordance with set policies and procedures.

24.4 It shall be the responsibility of the CFO, Director of Finance or Head of Finance to review each payroll and authorise creation of the Bacs file for payment, prior to the submission of the payment file to the bank. In exceptional circumstances this authority can be obtained from the CEO or the Principals.

24.5 The Payroll Officer shall prepare the necessary statutory returns to HM Revenue and Customs and Teachers' Pensions Agency and shall also supply such other information as may be required for Local Government Superannuation purposes or any other deductions from salaries and wages. These returns shall be certified by the CFO or nominated representative before despatch

24.6 All claims by employees for overtime, travel or subsistence shall be submitted to Payroll in the approved format, duly certified by the appropriate budget holder or delegated signatory.

24.7 Certification of a claim shall be taken to mean that the journeys were authorised, and the expenses were properly and necessarily incurred and are payable in accordance with the conditions of service adopted by the Corporation in respect of the various categories of staff.

24.8 Reimbursement of staff expenses including, but not limited to, mileage, subsistence and eye care costs will be reimbursed in line with Payroll processing deadlines.

24.9 All reimbursements must be approved prior to submission and where appropriate supported by receipts.

Fixed assets

25 Colleges can dispose of fixed assets without DfE's approval, this is subject to:

- The proposed disposal not being novel, contentious, or repercussive, (See 3.1.2) and
- Maintaining the principals of regularity, propriety, and value for money.

25.1 There are restrictions regarding how the College may use proceeds of any fixed asset disposal, depending on the type of asset.

25.1.1 Moveable Fixed Asset

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

- Whether the asset or assets concerned may have been acquired with the assistance of grant or donation from a third party, including (but not limited to) DfE and whether the conditions of any such grant or donation set terms relating to the disposal or the use of proceeds of disposal.

Whether there are plans in place to ensure that:

- Investment in moveable fixed assets is sufficient to ensure the ongoing ability of the college to deliver appropriate provision for learners is not depleted, and
- Moveable fixed assets can be replaced and/or upgraded when they reach the end of their economic life, if required

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

25.1.3 Land and Buildings

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

- Repay loans, to DfE and to banks
- Repay any overpayments of ESFA/DfE grants, or satisfy grant conditions where a repayment to ESFA/DfE is due (for example overage)
- Exceptionally, provide working capital for the College to avoid the risk of insolvency

25.2 The CFO is responsible for maintaining a register of all fixed assets belonging to the College and co-ordinating regular physical checks against the register.

25.3 The College will consider any single item with a value of over £1,000 (including VAT) and a life in excess of one year to be capital. Items which are not capital will be written off to revenue in the year in which the cost is incurred. However, where a number of items with a value of less than £1,000 each are purchased for a single project, then the capital value will be determined by the total value of the project. In case of doubt, the CFO will make the decision.

25.4 Capital expenditure on specific items or projects requires the following approvals whether or not contained in the College’s capital budget.

Capital Amount	Authorised Approver
Up to £300,000	Chief Financial Officer
Between £300,001 and £500,000	ELT followed by FRP
Over £500,000	FRP followed by the Board of Corporation

25.5 Following the appropriate approval, contracts can be signed by a member of ELT.

25.6 All projects with an overall cost in excess of £500,000 will be evaluated once complete and success against the project criteria will be reported to the Governing Body.

25.7 The purchase of fixed assets will take place in accordance with the purchasing regulations and procedures of the College.

25.8 Fixed assets will be depreciated, on a straight-line basis as follows

Clause	Fixed Asset	Term
25.2.2	Buildings	50 years (or the estimated useful life)
25.2.2	Leasehold Improvements	50 years (or over the minimum term of the lease if this is less than 50 years)
25.1.1	Fixtures and Fittings	10 years (or the estimated useful life)
25.1.1.	Computer Equipment	5 years (or the estimated useful life)
25.1.1	Other Equipment and Furniture	10 years (or the estimated useful life)
25.1.1	Motor Vehicles	3 years (or the estimated useful life)

25.9 Capital grants towards the purchase of fixed assets will normally be released to income at the same rate as the depreciation on those assets. Where accounting regulations stipulate otherwise this policy may be waived on consultation with external auditors. Capital project support received from the College funding bodies may be taken directly to revenue if the amounts are not material and each project grant in a year is less than one per cent of total annual College income.

25.10 Disposal of furniture and equipment which is surplus to requirements must be approved by the CFO and disposed of according to 25.1

25.11 Useable furniture or equipment will be distributed to other College Centres (including Outreach Centres) where there is a need for the items.

25.12 Items which are surplus to requirements will be offered for sale, wherever possible.

25.13 Items which are surplus to requirements and are to be scrapped (i.e., they have no residual value) will be disposed of in accordance with the appropriate guidelines.

25.14 The College will ensure that procedures are in place to ensure the security of fixed assets.

25.15 The CFO has overall responsibility for ensuring the physical security of assets and in particular for implementing and maintaining detailed procedures relating to security and auditing adherence to these procedures.

- 25.16 All staff have a responsibility to adhere to security procedures and report any breach of security to the Director of Estates.
- 25.17 The College will undertake regular verification of moveable fixed assets in particular high-risk items, such as IT equipment.
- 25.18 The CFO will be responsible for implementing the verification.
- 25.19 The College's priority is the availability of equipment for students. The use of college equipment for personal use is prohibited.
- 25.20 This policy does not affect the loan of equipment for college purposes. Where equipment has been provided to staff for college purposes, including laptop computers and mobile phones, those staff should ensure that the necessary loan records are up to date and that they comply with any conditions relating to the loan, including periodic portable appliance tests etc.

Insurances

The CFO acts as the College's Insurance Manager.

- 25.21 The CFO is responsible for ensuring that all necessary insurance is in place and for processing any claims which may arise.
- 25.22 The CFO will submit to the FRP annually a comprehensive list of insurance in place showing cover, cost and other issues.
- 25.23 Budget holders/managers are responsible for notifying the Insurance Manager of any new/changes to existing risks to college property. These risks should then be considered for inclusion on the Operational Risk Register.
- 25.24 Budget holders/managers shall immediately notify the Director of Finance in writing of any loss, liability or damage or of any event likely to lead to a claim. All monies due and received from insurers shall be paid into the appropriate Corporation bank account.

Taxation

- 25.25 The College must be registered for VAT and complete returns to HM Revenue and Customs, as required. The CFO is responsible for ensuring all VAT records are maintained, returns submitted and payments/credits are made/received.
- 25.26 The College may be liable for Corporation Tax on any profit-making activities that it undertakes. The CFO will be responsible for ensuring that any liabilities are identified and reported accurately to HM Revenue and Customs.

Retention Periods

26.1 Transactional documents

Documents	Retention Period
Sales Invoices & Credit Notes	Six years plus Current Financial Year
Purchase invoices and credit notes	
Cash and bank records	
Statutory financial returns	
Payroll Records	
Pensions Records (The Pensions Regulator)	For as long as they remain relevant and are needed for the scheme to operate.

26.2 Procurement Documents

Process	Retention Period
Evaluation of tenders, the conduct of negotiations with tenderers and the notification of the results of the tender evaluation process: accepted tenders.	Termination of contract + 6 years
Evaluation of tenders, the conduct of negotiations with tenderers and the notification of the results of the tender evaluation process: rejected tenders.	Award of Contract + 1 year
Records documenting variations to contracts (e.g., revisions, extensions).	Termination of the contract + 6 years

26.3 Other financial records: for example, budgets, plans and related working papers, should be retained for a minimum of three years.

26.4 The College's internal and external auditors must be given unrestricted access to all documents, records, assets, personnel and premises and be authorised to obtain such information and explanations as they consider necessary for their work. Staff must ensure that non-financial records are also maintained and available for audit.

Subcontracting

27.1 All subcontracting agreements shall be in accordance with the procedures and policies agreed from time to time by the Governing Body, and in accordance with appropriate guidance issued by the ESFA.

- 27.2 The ESFA issue guidance on appropriate arrangements for Colleges to make prior to entering into subcontracting arrangements. This guidance is contained within the broader funding guidance documents issued by the ESFA in relation to relevant streams of provision. The guidance might change from time to time, and the most recent guidance should be considered prior to entering into a contract.
- 27.3 The College has a model subcontracting agreement that was drafted in consultation with its legal advisers. All subcontracts entered into must be in the form of the model contract.
- 27.4 All subcontracting agreements must be approved in accordance with clause 25.5

Students' Union

- 28.1 The responsibilities of the College towards the City of Sunderland College Students' Union are set out in the "Corporation Code of Practice with regard to the Students' Union."
- 28.2 The Students' Union will adhere to Financial Regulations which have been approved by the Governing Body.
- 28.3 The accounts of the Union shall be audited.
- 28.4 The audited accounts to 31st July and budgets for the following year will be submitted to the Governing Body in accordance with agreed timetables.
- 28.5 The Governing Body, Chief Executive Officer and Finance Department will have access to all Union records and accounts as necessary.
- 28.6 The financial affairs of the Union will be subject to review by the College's internal auditors in accordance with the Internal Audit Operational Plan approved by the Governing Body.
- 28.7 A staff member will be appointed to the Executive Committee of the Union in an advisory and overseeing role.

Annex A - Authorised Exceptions

Sole Supplier based on Curriculum Delivery

- End Point Assessments (EPA)
- Exam Governing Body Fees e.g., City and Guilds

Sole Supplier based on Geographic Location

- Water Charges

Values are set by Local Authority

- Rates Payments for Properties

Values are set by Contracting Authorities

- Rental Payments for Premises

Values are set by Regulatory Bodies

- Information Commissioners Office
- Health and Safety Executive
- Quality Assurance Agency
- Office for Students

Payment to Awarding Bodies

- Duke of Edinburgh Awards
- Certification Fees

Payments to academic institutions for

- Academic Programmes
- Professional Development

Payments to project partners

- Shared projects where COSC are not lead
- Student Recruitment Consultancy

Payroll

- Staff seconded to the College for their expertise e.g., Nursing Staff, Police Officers
- Pension related Providers

Mandatory Annual Subscriptions and Fees, including:

- Association of Colleges
- British Library - Inter Library Loans
- Copyright Licensing Agency
- Education Recording Agency Ltd
- Event sponsorship
- Exhibition stands
- JISC
- Quality Assurance Agency
- Student Placements
- UCAS (Universities and Colleges Admissions Service)

Annex B - Scheme of Financial Delegation

SUBJECT MATTER	RESPONSIBLE OWNER	REG. CLAUSE	SIGNATORY / LEVEL OF APPROVAL REQUIRED TO PROCEED (VALUE MUST BE BASED ON TOTAL LENGTH OF CONTRACT IE FULL COMMITMENT INC VAT)							
			PROCUREMENT (P) FINANCE DIRECTOR(FD) HEAD OF FINANCE (HOF)	BUDGET HOLDER	EXECUTIVE DIRECTOR COMMERCIAL ACTIVITY	CHIEF FINANCIAL OFFICER (CFO)	FINANCE, RESOURCES & PROJECTS COMMITTEE	EXECUTIVE LEADERSHIP TEAM	PRINCIPAL AND CHIEF EXECUTIVE (CEO)	BOARD OF GOVERNORS (CONTRACTS APPROVED BY GOVERNORS MUST BE SIGNED BY THE PRINCIPAL).
Expenditure	All values quoted are inclusive of VAT at the current rate									
CONTRACTS/ AGREEMENTS	CFO	24.8		£1 - £25,000		£25,001 - £300,000	£300,001 - £500,000			Above £500,001
E-PURCHASING GOODS, WORKS AND SERVICES		24.26	£3,000 - £10,000 (P)	£1 - £10,000		£10,001 - £50,000			Above £50,001	
PURCHASE CARD		24.35		Up to limit						
TENDER EXEMPTION APPLICATIONS		25.7; 25.12	£10,000 (FD)			£10,001- £50,000			£50,001 - PCR 2015	
FIXED ASSETS/ CAPITAL		27.1				£1 - £300,000	£300,001 - £500,000			Over £500,000
Income	All values quoted are inclusive of VAT at the current rate									
BORROWING	BOG	18.1								All
CONTRACTS/ BIDS/JOINT VENTURES	CFO	14.1		£1- £25,000	£1 - £100,000	£100,001 - £300,000		Above £300,001		Above £300,001
WRITE OFF VALUES		15.1				£1- £25,000	£25,001 - £100,000			£100,000 and above
Authorised Approvers										
FURNITURE AND EQUIPMENT DISPOSAL	CFO	27.9				CFO				
DEEDS	BOG	25.29								CHAIR OR NOMINEE
PAYROLL BACS	CFO	26.1	FD; HOF			CFO				
GENERAL EXPENSES/ REIMBURSEMENT / OVERTIME	FACULTY/ DIRECTORATE LEAD BUDGET HOLDER	26.7		BH						
INSURANCE CLAIMS	CFO	28.1	FD; HOF			CFO				
BANK ACCOUNTS AND SIGNATORIES	CFO	16.1; 16.4	FD							

Finance, Resources and Projects Committee

Terms of Reference

1 Constitution

- 1.1 The Finance, Resources and Projects Committee is formally constituted as a Committee of the Board of Corporation in accordance with the Instrument and Articles of Government.

2 Purpose

- 2.1 The Finance, Resources and Projects Committee has been established to ensure the governing body discharges its financial responsibilities correctly and that the Corporation remains financially viable at all times.

3 Membership & Composition

- 3.1 The Finance, Resources and Projects Committee shall be comprised of up to 9 members.
- 3.2 The composition of the Finance, Resources and Projects Committee shall be as follows:
- Members from the Board of Corporation.
 - The Chief Executive Officer; and
 - Co-opted members.
- 3.3 Chair
- 3.3.1 The Chair of the Committee will be appointed by the Board of Corporation.
- 3.3.2 The tenure of the Chair of the Finance, Resources and Projects Committee shall be a minimum of three years.
- 3.3.3 The Chair of the Finance, Resources and Projects Committee will be a member of the Governance Committee which will regularly review the skills of the committee memberships and make recommendations to the Board of Corporation on new appointments.

4 Meetings

- 4.1 Quoracy is 50% of the members of the Finance, Resources and Projects Committee.
- 4.2 The following officers are normally expected to attend Finance, Resources and Projects Committee meetings:
- 4.2.1 Chief Financial Officer.

- 4.2.2 Principal Northumberland College.
- 4.2.3 Principal Sunderland College.
- 4.2.4 Vice- Principal Partnerships and Commercial; and
- 4.2.5 Associate Principal Resources and Legal Services.

4.3 Other officers or members of staff may be asked to attend when appropriate.

4.4 The Clerk to the Committee shall be either the Head of Corporate Governance or their nominee.

4.5 The Finance, Resources and Projects Committee shall meet at least 5 times per annum.

5 Remit

5.1 General

5.1.1 Subject to Statements 5.1.2 and 5.1.3 below, to take any decision on behalf of the Corporation other than a decision:

5.2.1.1 reserved to the Regional Board by law (including the Instrument and Articles of Government) or by requirement of any regulator, or by the Regional Board itself (refer to Section 6); or

5.2.1.2 which may have a material adverse impact on the implementation of the Group Strategic Plan or realisation of any of its objectives; or

5.2.1.3 which is contrary to any policy of the Corporation or would result in the making of a new policy; or

5.2.1.4 which would require expenditure for which no budget has been allocated or result in liabilities not authorised by the Regional Board where provision would need to be made in the College's accounts; or

5.2.1.5 which is specifically reserved to the Audit Committee or Governance Committee.

5.1.2 The Chair of the Corporation (or in their absence the Vice- Chair) may at any time before a decision of the Committee is implemented require a matter to be referred to the Regional Board if they believe that consideration of the matter or decision making by the Regional Board is in the best of interests of the Corporation.

5.1.3 Standing Orders provide that a written statement by the Chair or Vice-Chair (as the case may be) to the effect that they have decided not to exercise their powers under paragraph 2 in relation to any particular matter or decision can be relied upon by a third party in terms of treating the decision of the Committee taken within its remit as a decision of the Corporation.

5.1.4 By way of example (but the following does not limit the extent of the delegation set out in paragraph 1 above), the Committee's powers (with the support and advice of Senior Post Holders and Staff) include:

5.1.4.1 Acting on the Corporation's behalf regarding financial and resources matters and alerting the Corporation to matters which may affect the solvency of the institution and the Corporation or the safeguarding of its assets.

5.1.4.2 Making recommendations to the Corporation regarding policies, major practices and procedures in respect of financial, estates and resources matters and their administration.

5.1.4.3 To make recommendations in relation to the implementation of the College's approved Property and ICT Strategy and acting for the

Corporation on matters requiring decisions regarding building repair, structural alteration and minor adaptations.

- 5.1.5 To take decisions on behalf of the Corporation in relation to the implementation of the approved Property Strategy and ICT Strategy in circumstances where either:
 - 5.1.5.1 the Committee is satisfied, for reasons to be recorded in the minutes of the meeting, that it is not in the interests of the Corporation for a decision to be delayed until the next ordinary meeting of the Regional Board; or
 - 5.1.5.2 the decision involves expenditure which does not exceed limits set by the Regional Board from time to time.
- 5.1.6 Advising the Corporation upon matters requiring decisions of the Corporation itself, in particular the responsibility of the Corporation for:
 - 5.1.6.1 the approval of the annual estimates of income and expenditure, ensuring the solvency of the institution and the safeguarding of its assets.
 - 5.1.6.2 Setting the policy by which the tuition and other fees payable to the Corporation are determined.
 - 5.1.6.3 Approving all new loan borrowings.
- 5.1.7 To review the Terms of Reference and frequency of meetings of the Committee at least once every two years.

5.2 Finance

- 5.2.1 Considering budgets and amendments thereto presented by senior management through the Chief Financial Officer and making recommendations to the Corporation.
- 5.2.2 Reviewing and monitoring budget forecasts against actual income and expenditure throughout the year and taking appropriate action.
- 5.2.3 Recommending the Financial Regulations and procedures to the Corporation.
- 5.2.4 Approving virement between budget headings as outlined in the Financial Regulations.
- 5.2.5 Considering all applications for borrowing, including overdraft and authorise the levels and purpose of such borrowing in accordance with the Education & Skills Funding Agency (ESFA) Financial Memorandum and College Financial Regulations.
- 5.2.6 Ensuring that the College satisfies the conditions of funding from the Office for Students.
- 5.2.7 Ensuring that the College satisfies the conditions of financial support from any stakeholder e.g., Transaction Unit, ESFA, Bank, Local Authority.
- 5.2.8 Overseeing and approving investment of surplus funds and debt repayment and rescheduling.
- 5.2.9 Considering and approving as appropriate disposal of assets and writing off bad debts.
- 5.2.10 Approving and monitoring the Treasury Management strategy.
- 5.2.11 Deciding on the procurement of supplies, services and works where required by Financial Regulations (excluding subcontracting which is a matter for the Board).
- 5.2.12 Ensuring that the College is adequately covered for suitable risk by insurance and that such provision is appropriately amended from time to time.
- 5.2.13 Deciding on all issues relating to taxation (Corporation Tax and Value Added Tax).
- 5.2.14 Considering and making recommendations to the Corporation on all College fees and charges.
- 5.2.15 Considering, approving or referring to the Corporation recommendations made by other Committees on financial grounds and advising accordingly.
- 5.2.16 Reporting at least termly to the Corporation upon the Corporation's financial position.

5.3 Estates and ICT

- 5.3.1 Making policy recommendations to the Corporation on the continued development of the College's estates and Learning Environment.
- 5.3.2 Monitoring and managing the use of capital funds received from the TU.
- 5.3.3 Approving proposals for submitting town and country planning applications, building regulation applications and other consents in connection with any Property or ICT project approved by or on behalf of the Board.
- 5.3.4 Approving the procurement process (subject to compliance with applicable laws including UK Procurement regulations) for the appointment of relevant consultants and contractors in connection with any Property or ICT project.
- 5.3.5 Approving the detailed terms of any legal document giving effect to such projects.
- 5.3.6 Receiving reports twice per year on Health & Safety for the Group.
- 5.3.7 Receiving reports in relation to best practice in relation to implementation of Property and ICT Projects, maintenance and renewal/refresh policies and practices so as to:
 - 5.3.6.1 Consider value for money in relation to existing practices; and
 - 5.3.6.2 Inform the Corporation as to any concerns and any changes in practice which may be desirable.
- 5.3.8 Receiving progress reports in relation to Property and ICT projects, with recommendations as appropriate.

5.4 People and Development

- 5.4.1 To consider regular reports on personnel issues within the College, including:
 - 5.4.1.1 employed establishment.
 - 5.4.1.2 staff turnover.
 - 5.4.1.3 recruitment.
 - 5.4.1.4 sickness and absence.
 - 5.4.1.5 health and safety.
 - 5.4.1.6 staff training/ continual professional development and
 - 5.4.1.7 annual staff survey.
- 5.4.2 To approve appropriate policies and procedures relating to the employment of staff.

5.5 Capital Projects

- 5.5.1 Reviewing and monitoring work plans for capital projects and other projects that materially affect or change the college estate
- 5.5.2 Reviewing and monitoring risk arrangements and controls and the health and safety plans for capital projects
- 5.5.3 Reviewing and monitoring financing and budgets for capital projects

6 Matters Delegated

- 6.1 Subject to paragraph 6.2 below, the Finance, Resources and Projects Committee shall have powers to make any decision on behalf the Corporation in relation to matters within their respective remits apart from any matter or decision:
 - 6.1.1 reserved to the Board by law (including the Instruments and Articles of Government).
 - 6.1.2 which may have a material adverse impact on the implementation of the Strategic Plan or realisation of any of its objectives.
 - 6.1.3 which is contrary to any policy of the Corporation or would result in the making of a new policy; or
 - 6.1.4 which would require expenditure for which no budget has been allocated or result in liabilities not authorised by the Board where provision would need to be made in the College's accounts.
- 6.2 The Chair of the Corporation (or in their absence the Vice- Chair) may at any time before a decision of a committee is implemented require a matter to be referred to the Board if they

believe that consideration of the matter or decision making by the Board is in the best of interests of the Corporation.

- 6.3 A written statement by the Chair or Vice-Chair (as the case may be) to the effect that they have decided not to exercise their powers under paragraph 2 in relation to any particular matter or decision can be relied upon by a third party in terms of treating the decision of either Committee taken within their respective remits as a decision of the Corporation.

7 Reporting Procedures

- 7.1 The Clerk to the Corporation shall circulate minutes of meetings of the Committee to all Corporation members as attachments to the agenda for the next Board Meeting for information and decision as necessary.

8 Equality, Diversity and Inclusion Statement

- 8.1 The College values diversity and inclusion and is committed to promoting equal opportunities and eliminating discrimination. Therefore, the Committee will exercise its responsibilities, as far as practicable, to promote equality and diversity and will carry out its business to promote equality of opportunity for all.

9 Adoption

These Terms of Reference were adopted by the Board of Corporation at the meeting held on XXXXX.