



**Richmond upon
Thames College**

FINANCIAL REGULATIONS

JULY 2022

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DEFINITIONS

ESFA

This shall mean the Education and Skills Funding Agency which funds and regulates 16 to 19 provision, apprenticeships, bursary and high needs provision for 16 to 19 year old and vulnerable adults, as well as for general adult education outside of London. The Education and Skills Funding Agency also has responsibility for oversight of the financial health of further education colleges, sixth form college, designated and specialist institutions in England.

GLA

This shall mean the Greater London Authority which funds and regulates adult education provision in the Greater London area.

OFS

This shall mean the Office for Students which funds and regulates higher education provision in England.

THE CORPORATION

The governing body of Richmond upon Thames College, ultimately responsible for the affairs of the College.

FINANCE AND RESOURCES COMMITTEE (“FRC”)

The committee with delegated responsibility for financial matters.

AUDIT AND RISK COMMITTEE (“ARC”)

The committee independent of executive responsibility, which advises the Corporation on issues related to internal audit, external audit and financial control. It is required to issue an annual report to the Corporation which, *inter alia*, comments on the College’s system of internal control.

CHIEF EXECUTIVE AND PRINCIPAL (“PRINCIPAL”)

The Principal of Richmond upon Thames College, with the ultimate executive responsibility for the management of the College. The Principal is the Chief Executive and Accounting Officer to the Education and Skills Funding Agency.

SENIOR LEADERSHIP TEAM (“SLT”)

Senior Leadership Team comprising of the Principal, Assistant Principal (Curriculum and Quality), VP Finance, Executive Director for Business and Innovation, Assistant Principal Human Resources and Organisational Development.

VICE PRINCIPAL FINANCE (“VP FINANCE”)

The Officer with responsibility to the Principal for Finance, and such other functions of the College that may be attached to the role from time to time.

COST CENTRE MANAGER

The head of an academic or non-academic area of the College who is responsible for the budget of their whole area, and is accountable to their member of SLT who have managerial responsibility for broad areas of the College’s operation.

BUDGET HOLDER

The member of staff who has been assigned their own budget (other than a Cost Centre Manager) and is accountable to their Cost Centre Manager for it.

A GENERAL PROVISIONS

1 Background

- 1.1 Richmond upon Thames College is a further education corporation created under the provisions of Schedule 8 Section 69 of the Further and Higher Education Act 1992. The College is incorporated as a Further Education Corporation under the Further and Higher Education Act 1992 as amended by the Learning and Skills Act 2000 and the Apprenticeships, Skills, Children and Learning Act 2009 (ASCL Act 2009) and the Education Act 2011. Its structure of governance is laid down in the Instrument and Articles of government, which may only be amended by resolution of the Board of Governors. The College is accountable through its Board of Governors, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2 The College is an exempt charity under Part 3 of the Charities Act 1993, as amended by the Charities Act 2011.
- 1.3 The financial memorandum between the ESFA and the College sets out the terms and conditions on which grant is made. The Corporation is responsible for ensuring that conditions of grant are met. As part of this process, the College must adhere to the Post 16 Audit Code of Practice, which requires it to have sound systems of financial and management control. The financial regulations of the College form part of this overall system of accountability.

2 Status of Financial Regulations

- 2.1 This document sets out the College's financial regulations. It translates into practical guidance the College's broad policies relating to financial control. This document was approved by the Corporation on the date specified on the front page. It applies to the College and all its subsidiary undertakings.
- 2.2 These financial regulations are subordinate to the College's Instruments and Articles of government and to any restrictions contained within the College's financial memorandum with the Post 16 Audit Code of Practice.
- 2.3 The purpose of these financial regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's strategic plan and business objectives:
 - financial viability

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

2.4 Compliance with the financial regulations is compulsory for all staff connected with the College. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the College's disciplinary policy. The Corporation will be notified of any such breach through the ARC. It is the responsibility of Cost Centre Managers and Budget Holders to ensure that their staff are made aware of the existence and content of the College's financial regulations.

2.5 The Corporation is responsible for maintaining a continuous review of the financial regulations, through the VP Finance, and for advising the Corporation of any additions or changes necessary. Ultimate responsibility for ensuring compliance with the Financial Regulations rests with the Principal in his/her position as Accounting Officer.

2.6 In exceptional circumstances, the ARC may authorise a departure from the detailed provisions herein. Such departure is to be reported to the Corporation at the earliest opportunity.

The College's detailed financial procedures provide more information on how these regulations are implemented and are contained in a separate manual which is available via the intranet of the College.

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

Richmond upon Thames College
Langhorn Drive
Twickenham
Middlesex
TW2 7SJ

3 The Corporation

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

- ensure the solvency of the College, the efficient and effective use of its resources and the safeguarding of the College's assets
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and other senior post-holders and the Clerk
- set a framework for pay and conditions of service of all other staff
- ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the College are appropriate and sufficient to safeguard public funds.
- approve the appointment of external auditors and an Internal Audit Service.
- secure the efficient, economical and effective management of all the College's resources and expenditure, capital assets and equipment, and staff, so that investment of public funds in the institution is not put at risk.
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution
- plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure.
- approve an annual budget before the start of each financial year.
- setting the policy for determining tuition fees.
- approve the admissions policy, delegated to FRC.
- ensure that the College complies with the Post 16 Audit Code of Practice.
- approve the College's strategic plan and associated financial implications.
- approve the annual financial statements.
- ensure the funds provided by the funding bodies are used in accordance with the terms and conditions specified in the College's financial memorandum with the funding bodies.
- ensure that effective financial control systems are in place.

4 Designated Officer

- 4.1 The Principal is the College's designated officer and is responsible for ensuring the financial administration of the College's affairs in accordance with the Financial Memorandum released by the Funding Agencies. As the designated officer, the Principal may be required to justify any of the College's financial matters to the Public Accounts Committee at the House of Commons. In particular, the articles of government charge the Principal with responsibility:

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

The Principal shall demonstrate their oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual financial statements, and the cover sheet within the two-year financial forecasts submitted to the ESFA.

5 Committee Structure

- 5.1 The Corporation has ultimate responsibility for the College's finances, but delegates specific powers and processes to committees. These committees are accountable to the Corporation. The responsibilities of the Finance and Resources (FRC) and Audit and Risk (ARC) Committees are set out below.

- 5.2 Finance and Resources Committee ("FRC")

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

- 5.3 Audit and Risk Committee ("ARC")

The College is required by the financial memorandum and by the Post 16 Audit Code of Practice to appoint an Audit Committee. The Committee is independent of executive responsibility, advisory and reports to the Corporation. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The

committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The Committee's terms of reference are at Appendix B. The audit requirements of the College are set out in the Post 16 Audit Code of Practice. Whenever any matter arises which involves, or is thought to involve, material irregularities or fraud concerning cash, stocks or other property of the College or any other suspected material irregularity in the exercise of the activities of the College, the Committee shall ensure that internal audit and the ESFA are advised either by management or via the Clerk to the Corporation. Whenever any matter arises which involves, or is thought to involve, material irregularities or fraud concerning cash, stocks or other property of the College or any other suspected material irregularity in the exercise of the activities of the College, the Committee shall ensure that internal audit and the ESFA are advised either by management or via the Clerk to the Corporation.

The primary role of external audit is to report on the College's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Post -16 Audit Code of Practice and the Auditing Standard Board

The College's financial memorandum with the ESFA requires that it has an effective internal audit function. The main responsibility of internal audit is to provide the Board, the Audit and Risk Committee and the Principal as the Accounting Officer with assurances on the adequacy of the internal control system. The internal audit remains independent in its planning and operation and has direct access to the Board, Chair of Audit Committee and Principal. The internal audit will also comply with the Audit Practices Board's auditing guidance for internal auditors. The internal audit terms of reference are prescribed in the Audit Code of Practice.

The College may from time to time be subject to audit or investigation by external bodies such as the Funding Bodies, National Audit Office, European Court of Auditors and HM Revenue and Customs. They have the same rights of access as external and internal auditors.

5.4 Search, Remuneration and Performance Committee

The Corporation has delegated its statutory responsibility for determining the pay and conditions of service of senior postholders and the Clerk, and the oversight of their performance, to the Search, Remuneration and Performance Committee.

The Committee makes decisions relating to pay and performance on behalf of the Corporation within an agreed policy. In exceptional circumstances, the Committee reserves the right to refer

a matter for whole Corporation decision. Such circumstances might include the consequences of very poor or exceptionally good performance.

The Corporation reviews the Committee terms of reference and cycle of business annually. The Terms of reference are provided as Appendix C.

Its membership comprises at least three external governors, including the Chair of the Corporation who leads on the appraisal of the Principal and the Clerk.

The Principal is responsible for the appraisal of all other senior postholders and makes recommendations on pay and terms and conditions to the Corporation via the Committee.

The Committee reviews the membership of the Corporation Board and advises the Board on the appointment and re-appointment of governors.

6 Other Senior Managers with Financial Responsibility

6.1 The role of the VP Finance

Day-to-day financial administration is controlled by the VP Finance, who is responsible for:

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

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

6.2 Cost Centre Managers

Cost Centre Managers are responsible to the Principal for financial management for the areas or activities they control. They are advised by the VP Finance in executing their financial duties. The VP Finance will also supervise and approve the financial systems operating within their areas, including the form in which accounts and financial records are kept. Cost Centre Managers are responsible for establishing and maintaining clear lines of responsibility within

their area for all financial matters, including responsibility for College assets and security of any cash (and cash equivalents for example bursary vouchers) in their area. Where resources are devolved to budget holders, they are accountable to the Cost Centre Manager for their own budget.

Cost Centre Managers shall provide the VP Finance with such information as may be required to enable:

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

6.3 All members of staff

All members of staff should be aware and have a general responsibility for the security of the College's property, for avoiding loss and for due economy in the use of resources.

They should ensure that they are aware of the College's financial authority limits (see 18.4) and the values of purchases for which quotations and tenders are required (see 18.6).

They shall make available any relevant records or information to the VP Finance or their authorised representative in connection with the implementation of the College's financial policies, these financial regulations and the system of financial control.

They shall provide the VP Finance with such financial and other information as they may deem necessary, from time to time, to carry out the requirements of the Corporation.

They shall immediately notify the VP Finance whenever any matters arise which involve, or is thought to involve, irregularities concerning, inter alia, cash or property of the institution. The VP Finance shall take such steps as they consider necessary by way of investigation and report.

7 Risk Management

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

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

risk management process.

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

- the adoption of common terminology in relation to the definition of risk and risk management
- the establishment of college-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis
- a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes (see above)
- a decision on the level of risk to be covered by insurance (see paragraph 22)
- detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas
- development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question
- regular reporting to the Audit Committee and Corporation of all high risks
- an annual review of the implementation of risk management arrangements

The strategy and procedures must be capable of independent verification.

7.4 Cost Centre Managers must ensure that any agreements negotiated within their areas with external bodies cover any legal liabilities to which the College may be exposed. The VP Finance's advice should be sought to ensure that this is the case.

8 Whistle-blowing

8.1 Whistle-blowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc.), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistle-blowing can extend to malpractice occurring in the UK and any other country or territory.

8.2 Normally, any concern about a workplace matter at the College should be raised with the relevant member of staff's immediate line manager or head of department. However, the College recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.

8.3 A member of staff may, therefore, make the disclosure to one of the staff or a Governor designated for this purpose. The full procedure for whistle-blowing is set out in the College's whistle-blowing policy, which is available on the College intranet.

9 Code of Conduct

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

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

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

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

10 Bribes, inducements, gifts and hospitality

10.1 The Bribery Act 2010 sets out four bribery offences

- bribing another person
- being bribed
- bribing foreign public officials
- failure to prevent bribery

Therefore, the making or accepting of bribes or any other inducements, in respect of any transactions carried out on behalf of the College by any member of staff is forbidden and shall be a disciplinary offence.

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

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

10.2 Staff and Corporation members must also avoid placing themselves in a position where they might be perceived either to be influenced by the receipt of gifts or hospitality or to be attempting to influence others through gifts or hospitality. This means that the giving and receiving of gifts and hospitality is restricted

- gifts must be of low value (below £30)

- hospitality should not be on a scale that might be perceived as lavish. Light refreshments, modest working meals, where there is a genuine need to represent the College in the community or at functions and events where it is clear that the hospitality is corporate and not personal such as conferences and training courses would all be considered as examples of acceptable hospitality.
- 10.3 The nature of gifts or hospitality should not cause embarrassment to the College or individuals if made public. Care should be taken that gifts or hospitality cannot be interpreted as being given with the intention of influencing a business decision improperly. In particular gifts or hospitality close to purchasing decisions or agreements should be minimised or avoided where possible.
- 10.4 The above restrictions apply to associated individuals (e.g. life partners, children, close relatives and business partners) and to any organisations owned by staff or governors.
- 10.5 The College is responsible in law for the actions of its agents or subcontractors. Staff should undertake due diligence reviews before entering into relationships with agents or subcontractors and ensure that agency or subcontracting agreements prohibit bribery.
- 10.6 Where gifts or hospitality must be refused, this should be done courteously but firmly, referring if appropriate to the College's rules. If necessary, staff or Governors should pay their own share of costs and where eligible claim these through expenses.
- 10.7 Where there is any doubt over the appropriateness of gifts or hospitality, Governors should seek approval from the Chair or Vice Chair of the Corporation and staff should seek approval from the Principal, Deputy Principal or VP Finance, prior to accepting gifts or hospitality.
- 10.8 The Clerk will maintain a register of gifts and hospitality (over £30 in value). Governors and Senior Post holders will be asked to complete an annual declaration regarding any gifts or hospitality received.

C FINANCIAL MANAGEMENT AND CONTROL

11 Financial Planning

11.1 The VP Finance is responsible for preparing annually a rolling two-year financial plan for approval by the Corporation on the recommendation of the FRC and for submission to the ESFA. Financial plans should be consistent with the strategic plans and accommodation strategy approved by the Corporation.

11.2 Financial objectives

The Corporation will, from time to time, set financial objectives for the College. These will help the VP Finance in preparing more detailed financial plans for the College.

11.3 Resource allocation

Resources are allocated annually by the Corporation on the recommendation of FRC, and on the basis of the above objectives. Cost Centre Managers are responsible for the economic, effective and efficient use of resources allocated to them.

11.4 Budget preparation

The VP Finance is responsible for preparing each year a capital programme and an annual revenue budget for consideration by the FRC before submission to the Corporation. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The VP Finance must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to SLT and Cost Centre Managers as soon as possible following their approval by the Corporation.

During the year, the VP Finance is responsible for submitting Management Accounts to the FRC for consideration before submission to the Corporation for approval. During the year, the VP Finance is responsible for submitting revised budgets to the Board for approval, to reflect changes to the assumptions in the original budget.

11.5 Capital programmes

The capital programme includes all items of expenditure on land, buildings, equipment, furniture and associated costs with a value of £2,000 or over whether or not they are funded from capital grants or capitalised for inclusion in the College's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the Corporation.

The VP Finance will establish protocols for the inclusion of capital projects in the capital programme for approval by the Corporation. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. They are summarised at Appendix F and are shown in more detail in financial procedures.

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

The VP Finance is responsible for providing regular statements concerning all capital expenditure and for major projects both capital and revenue to the FRC for monitoring purposes.

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

11.6 Overseas activity

In planning and undertaking overseas activity, the College must have due regard to the relevant guidelines issued by the main funding body. All staff and governors travelling overseas on behalf of the College should obtain prior approval to the visit and costs to be incurred must be in line with the policy and framework on overseas travel approved by the Audit Committee. See Appendix F.

11.7 New Ventures and Other Major Developments

All new contracts or projects with income or expenditure over £100,000 should be reported to the Corporation. All substantive arrangements entered into for business purposes whether extending the College's provision or of a commercial nature must be approved by the Corporation on the basis of a full business plan. These arrangements should be subject to annual reports to the Corporation with more regular reporting where there are high risk factors such as heavy reliance upon third parties, activity distant from the main campus, or involvement in the provision of non-educational goods or services.

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

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

12 Financial Control

12.1 Budgetary control

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively and take all reasonable steps to remain within budget.

Budget holders are responsible to Cost Centre Managers and their SLT member for the income and expenditure appropriate to their budget.

Budget holders will comply with the budget setting procedures as provided by the VP Finance, including attendance at budget meetings and the provision of considered forecasts and budget proposals, and will confirm acceptance of the designated budget before the start of the year in question.

Significant departures from agreed budgetary targets must be reported immediately to the VP Finance by the Cost Centre Manager concerned and, where possible, corrective action taken or planned.

12.2 Financial information

The budget holders are assisted in their duties by management information provided by the Finance Department. The types of management information available to the different levels of management are described in the detailed financial procedures, together with the timing at which they can be expected.

Whilst budget holders may have revised budgets for operational reasons in year, and these revised budgets be used in management reporting below Board level, the approved budget shall always remain the official comparator for governance purposes.

Detailed management accounts for budget holders, and summary schedules for the College and its subsidiary undertakings, shall be provided by the Head of Finance to individual budget holders and the VP Finance respectively, within 10 working days of each month end.

The VP Finance is responsible for preparing management accounts on all aspects of the College's finances every month within 15 working days of the month end, subject to any specific requirements of the funding bodies. This report should address all aspects of the College's finances with an income and expenditure account, a balance sheet and a twelve-month rolling cash flow forecast. Variances and a forecast out-turn should also be included, including specifically, commentary on all variances against the approved budget in excess of £25,000. It should include any subsidiary companies and provide sufficient analysis of any trading activities and capital projects. There should be adequate written commentary on variances and other developments. These reports will be considered by the SLT every month. The FRC will consider these reports on at least a quarterly basis. These reports will be presented to the Corporation.

12.3 Changes to the approved budget

Any changes proposed to the approved budget will be first considered by the VP Finance and the Principal, who will make proposals to the Corporation.

12.4 Virement

Cost Centre Managers may request in writing from the VP Finance the transfer of budget provision from one budget head to another (known as Virement) for any non-pay item. The VP Finance will consider all such requests and record those that they approve. As a general rule Cost Centre Managers may not vire pay budgets (full-time, fractional and part-time hours) to other budget heads without the approval of the VP Finance. Any virement shall not involve the College in additional commitments in subsequent years.

The VP Finance will report any significant virements to the FRC.

Virement of capital project budgets up to £50,000 may be approved by the VP Finance in consultation with the Principal; £50,000 to £250,000 will be authorised by the FRC or CRPG; and in excess of £250,000 will be authorised by the Corporation.

12.5 Treatment of year-end balances

At year-end, Cost Centre Managers will not have the authority to carry forward any unspent balance on their budget to the following year unless there is a specific scheme for carrying forward all or part of unspent amounts which straddle over different accounting years. In such instances, any requests must be received, in writing, at the earliest opportunity and no later than the end of May in the financial year to which they relate and will be considered by the VP Finance.

13 Accounting Arrangements

13.1 Financial year

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

13.2 Basis of accounting

The consolidated financial statements, which includes College and all subsidiary companies, are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards including the Statement of Recommended Practice *Accounting for Further and Higher Education*, subject to any specific requirements of the funding body and the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.

13.3 Capitalisation and depreciation

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

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

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £2,000 including VAT or more. Grouped items (e.g. a suite of computers) with an individual value of less than £2,000 including VAT, will be capitalised. Capitalised assets other than land and buildings will be depreciated

over a period of 3 years for general equipment, 4 years for computer equipment and 5 years for furniture & fittings, commencing at the date of invoice of acquisition or when the asset come into use.

13.4 Accounting records

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

The College is required by law to retain prime documents for six full years in addition to the current financial year. These include:

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

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

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

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

The Corporation will ensure that audited accounts are forward to ESFA no later than the deadline set by the funding body i.e. 31 December each year.

The VP Finance is responsible for the safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must, therefore be forward to the Finance department. All such documents shall be held in an appropriate secure, fireproof location. Where a deed or document requires the College's seal, it must be sealed by VP Finance, authorised by the signature of the Chair of the Corporation or another member authorised to act for the Chair; plus the signature of any other member.

13.5 Public access

Under the terms of the Charities Act 2011, the Corporation is required to supply any person with a copy of the College's most recent financial statements within two months of a request. The Act enables the Corporation to levy a reasonable fee and this will be charged at the discretion of the VP Finance. The College will make a summary available on the College's website.

13.6 Taxation

The VP Finance is responsible for advising the SLT and Cost Centre Managers, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. Therefore, the VP Finance will issue instructions to departments on

compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, corporation tax and import duty.

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

14 Audit Requirements

14.1 General

External auditors and internal auditors shall have authority to:

- access College premises at reasonable times
- access all assets, records, documents and correspondence relating to any financial and other transactions of the College
- require and receive such explanations as are necessary concerning any matter under examination
- require any employee of the College to account for cash, stores or any other College property under his or her control
- access records belonging to third parties, such as contractors, when required.

The VP Finance is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly. Following consideration by the VP Finance, the Auditor's management letter regarding the financial statements and regularity should be reviewed by the Audit Committee.

On the recommendation of the Finance and Resources and Audit Committees, the College financial statements and management letter will be submitted to the Corporation for approval.

A tender exercise for the provision of Internal and External Audit services is to be carried out every three years.

14.2 External audit

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

The primary role of this external audit is to report on the College's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Post 16 Audit Code of Practice and the Auditing Practices Board's statements of auditing standards.

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

14.3 Internal audit

The Internal Auditor is appointed by the Corporation on the recommendation of the Audit Committee.

The main responsibility of internal audit is to provide the Corporation, the Principal as Accounting Officer, and SLT with assurances on the adequacy of the internal control system.

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

14.4 Fraud and corruption

It is the duty of all members of staff, management and the governing body to notify the VP Finance, or Principal or Head of Governance in his/her absence, immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

The person notified shall immediately invoke the procedure for Reporting and Investigation of Irregularities, which incorporates the following key elements (see Appendix H for fuller details):

- he or she will notify the VP Finance, Principal and the Audit Committee (through its Chair) of the suspected irregularity (as appropriate, i.e. if not implicated in the suspected irregularity) and shall take such immediate steps as he or she considers necessary by way of investigation and report, subject to, and without frustrating, the following procedure
- the Police shall be informed if a criminal offence is suspected of having been committed
- any significant cases of fraud or irregularity shall be reported to the funding body in accordance with their requirements as set out in the Post-16 Audit Code of Practice
- the Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the Internal Audit Service or others, as appropriate
- the Internal Audit Service, or others commissioned to carry out an investigation, shall prepare a report for the Audit Committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the VP Finance and/or the Principal, the member of staff shall directly notify the Head of Governance and the Chair of the Audit Committee of their concerns regarding irregularities.

14.5 Value for money (VfM)

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

Committee or other relevant bodies.

The Audit Committee shall ensure that VfM arrangements are in place, including agreeing a VfM strategy with attendant reporting arrangements. The VP Finance shall ensure that the VfM strategy is implemented.

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

14.6 Other auditors

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

15 Treasury Management

15.1 Treasury management policy

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

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the VP Finance and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the College and shall conform to any relevant ESFA requirements. The VP Finance and their staff are required to act in accordance with CIPFA's *Code of Practice*.

The VP Finance will report to the FRC each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

15.2 Treasury management strategy

The College's treasury management strategy comprises the management of all cash, money market investments, capital market transactions and the control of associated risks. The objective for the investment purposes is to achieve the best possible return while minimising risk.

The College adopts a low risk strategy for the investment of surplus funds, including deposits held on the money market or in the College's deposit account.

The College must ensure sufficient funds are available to meet the College's obligations.

15.3 Treasury management statement

Detailed below is the College's Treasury Policy Statement, in compliance with accepted best practice.

- The College defines its treasury management activities as:
- "The management of the College's cash flows, its banking, money market and capital market transactions; the effective control of risks associated with those activities and the pursuit of optimum performance consistent with those risks".
- The College regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury activities will focus on their risk implications for the College.
- The College acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measure techniques, within the context of effective risk management.
- The Board requires that any institution managing the College's cash investments should be investment grade rating, or higher.
- The Board may from time to time approve an alternative investment which it considers to be a low risk to the College.
- This policy will be reviewed on an annual basis.

15.4 Appointment of bankers and other professional advisers

The Corporation is responsible for the appointment of the College's bankers and other professional financial advisers (such as investment managers) on the recommendation of the FRC as advised by the VP Finance. The appointment shall be for a three to five year period after which consideration shall be given by the VP Finance to competitively tendering the service to ensure the College obtains value for money.

15.5 Banking arrangements

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

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

All cheques drawn on behalf of the College must be signed in the form approved by the FRC and shall only be used in exceptional circumstances. Cheques must be signed by two authorised persons, of which at least one shall be a member of SLT. Details of authorised persons and limits shall be provided for in the College's detailed financial procedures (see 18.4).

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

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

Any changes in authorised signatories on the College's accounts shall be approved by the Chair of Board plus one other governor. Specimen signatures shall be provided to the College's Bankers on a standard bank mandate form and this will be updated in the event of a change of signatories.

Signatories for the bank mandate are: Principal, Deputy Principal (Curriculum and Quality), VP Finance, Assistant Principal Human Resources and Organisational Development

Signatories for electronic payments are: Principal, Deputy Principal (Curriculum and Quality), VP Finance, Executive Director Business and Innovation, Assistant Principal Human Resources and Organisational Development; Head of Finance. Two authorisers shall be required. The person preparing a transaction for payment shall not be permitted to approve the transaction, and vice versa.

16 Income

16.1 General

The VP Finance is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the VP Finance.

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the FRC, and are approved by the Corporation. The VP Finance is responsible for the prompt collection, security and banking of all income received.

Cash shall be counted and passed to Finance for safe keeping on a daily basis. Cash shall be banked on a weekly basis, sufficient to ensure cash levels remain within insured limits at all times. All variances between z reads (or equivalent records) and banking records shall be investigated and reported to the VP Finance.

The VP Finance is responsible for ensuring that all grants notified by the ESFA and other bodies are received and appropriately recorded in the College's accounts and for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

16.2 Maximisation of income

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

16.3 Receipt of cash, cheques and other negotiable instruments

All monies received within departments from whatever source must be recorded by the

department on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments.

All monies received must be paid to the cashier promptly, and in accordance with a timetable prescribed by the VP Finance and set out in financial procedures. The custody and transit of all monies received must comply with the requirements of the College's insurers.

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

Receipts by credit or debit card: the College may only receive payments by debit or credit card using approved procedures.

Internet receipts: any member of staff wishing to arrange for payment to be made to the College by the internet should seek early guidance from the VP Finance.

16.4 Collection of debts

The VP Finance should ensure that:

- debtors' invoices are raised promptly on official invoices, in respect of all income due to the College
- invoices are prepared with care, entered onto the accounting system, show the correct amount due and are credited to the appropriate income account
- any credits granted are valid, properly authorised and completely recorded
- VAT is correctly charged where appropriate, and accounted for
- monies received are posted to the correct debtors account
- swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the financial procedures
- outstanding debts are monitored and reports prepared for management.
- outstanding debts are passed to a debt collection agency in accordance with the relevant procedure note

Only the VP Finance can implement credit arrangements and indicate the periods in which different types of invoice must be paid. Any subsequent changes must be submitted to FRC for approval.

Requests to write off debts must be referred in writing to the VP Finance for authorisation. Any debt write-off above £2,000 must be submitted to the FRC for consideration. Debts below this level may be written off with the permission of the VP Finance and reported in the management accounts reporting process.

Where multiple write-offs are proposed within the same category of debt, the VP Finance shall define written procedures to ensure consistent decision making. Where the total write-off is likely to exceed £50,000 or £100,000 these procedures shall be reviewed by the Principal, or the Corporation respectively.

16.5 Student fees

The procedures for collecting tuition fees must be approved by the VP Finance. He or she is responsible for ensuring that all student fees due to the College are received.

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

16.6 Student loans

Appropriate records will be maintained to support all transactions involving student loans.

16.7 Emergency/hardship loans

The College's scheme for emergency/hardship loans must be approved by the Principal. This will include the maximum assistance that can be given in any individual case. Under no circumstances should payments be made other than in accordance with the approved scheme.

The VP Finance is responsible for ensuring the adequacy of the systems in place for:

- approving loans in accordance with the scheme
- paying loans that have been approved
- recovering loans that have been paid.

17. Other Income-Generating Activity

17.1 Private consultancies and other paid work

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

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

17.2 Short courses and services rendered

In this context a short course is any course which does not form part of the award-bearing teaching load of the department.

Any staff wishing to run a short course must have the permission of their Head of department. The course organiser will be responsible to the Head of department for day-to-day management of the course.

The term 'services rendered' includes testing and analysis of materials, components, processes and other laboratory services or the use of existing facilities in order to gain additional information.

17.3 Off-site collaborative provision (sub-contracting)

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

There shall be a contract signed by the Principal or VP Finance and on behalf of any partner organisation that shall comply at least with the funding body model contract (as amended from time to time) in place before any provision is made. Contracts for significant changes in franchising activity shall be approved in advance by the FRC and reported to the Corporation. The form of the contract shall be reviewed periodically by the College's legal advisers and approved by the Board.

The impact of the contract(s) shall be subject to scrutiny by the FRC or the Corporation. The format for regular reports shall be as stated in funding body guidance. They shall consider the risk factors associated with the proposed partnership.

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

Compliance audits, including checks on attendance records, will take place on a systematic and documented basis. Suitable reports on franchising will be submitted to the Corporation and College management. The Corporation will consider a termly report on franchising including details on activity, key financial and operational information and future plans. Data records, student registration and quality control procedures for franchise contracts must comply with the College's internal procedures for mainstream curriculum delivery. All invoices for payment must be supported by College documentation showing the funding earned by the College in respect of the Purchase Contract.

17.4 Miscellaneous Grants, European Union (EU) funded projects and other matched funding

Any such project requires the approval of the Principal prior to any commitment being entered into. Such approval shall be dependent upon the relevant Cost Centre Manager being able to demonstrate that eligible matching funds (where relevant) are available and that the project is financially viable by the application of the college's costing and pricing policy.

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

If the college sub-contracts such work to external providers, the VP Finance shall ensure that:

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

- payments are only made against detailed invoices.

17.5 Profitability and recovery of overheads

All other income-generating activities, including new part time courses, must be self-financing or surplus-generating unless it is intended that a new course is to be launched as a loss leader that is part of longer term plan that will generate a net surplus over time. If that is the case, the reason for it must be specified and agreed by the VP Finance.

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

In any case, all expenditure will remain subject to the College's budgeting and procurement regulations, as covered elsewhere in this document.

17.6 Deficits

Any unplanned deficits incurred on other income-generating activities may be charged against relevant Cost Centre budgets.

17.7 Additional payments to staff

Subject always to the authority limits set out in paragraph 19, and detailed procedures published by the Human Resources or Payroll departments, any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the Cost Centre Manager in the case of a Cost Centre Manager, the SLT member and in the case of the SLT member, the Principal.

17.8 Intellectual Property Rights and Patents

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

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

Intellectual property rights - In the event of the College deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the College and contained in the College's detailed financial procedures.

17.9 Subsidiary Companies

- a) In certain circumstances it may be advantageous to the College to establish a company to undertake services on its behalf.
- b) The Corporation is responsible for approving the establishment of companies (or joint ventures) and the procedure to be followed in order to do so. The process involved in forming a company and arrangement for monitoring and reporting on the activities of subsidiary undertakings will be in the first instance the responsibility of the FRC. The

- Corporation has the power to direct that these matters are considered by any other appropriate committee.
- c) The Corporation will undertake a thorough review of the business plan and any proposed control arrangements for a new company.
 - d) The Corporation should ensure that following the establishment of a separate company a formal memorandum of understanding is established between the College and the company, setting out the relationship between the company and the College.
 - e) Before any College funds are made available to a Company, the Corporation should ensure that it will receive a satisfactory return, and that the College bears an acceptable level of risk.
 - f) Funding body funds should not be used to fund or subsidise private trading ventures by the College, either through direct transfers or cash or indirect funding or subsidy arrangements such as granting subsidiaries more favourable terms of trade than other customers and providing staff free of charge or at a rate which does not cover the full costs involved.
 - g) It is the responsibility of the Corporation to establish the shareholding arrangements. Directors of companies will be appointed in accordance with the articles of the company and in accordance with the guidance issued by the funding body.
 - h) The external auditors of the College will also be the external auditors of any companies established by the Corporation, and the financial framework within which the company operates shall be the same as that of the College. The directors of College companies must submit the annual accounts to the Corporation. The performance of the company must be reported at least termly to the Corporation.

18 Expenditure

18.1 General

The VP Finance is responsible for making payments to suppliers of goods and services to the College.

18.2 Scheme of delegation

SLT members and Cost Centre Managers are responsible for purchases within their department. Purchasing authority may be delegated to named individuals (budget holders) within the department. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures.

The VP Finance shall maintain a register of authorised budget holders and Requisitioners. Cost Centre Managers must supply him or her with details of those authorised staff.

Under procedures agreed by the VP Finance, central control shall be exercised over the creation of Requisitioners and authorisers and their respective financial limits.

Cost Centre Managers will authorise invoices for payment on the financial system to certify satisfactory delivery and that the item can be processed for payment.

Any changes to the authorities to commit expenditure will require the approval of the Cost Centre manager and the VP Finance.

Cost Centre Managers and budget holders are not authorised to commit the college to expenditure without first reserving sufficient funds to meet the purchase cost.

The member of staff (or budget holder) authorising the invoice for payment should be different from the member of staff responsible for signing the purchase order form.

Invoices will be authorised for payment by receipting of the goods or services using the College's purchase ordering system. The member of staff raising the purchase order will receipt the goods or services but the authorisation of the purchase order shall be by the relevant budget holder, in line with the College approval limits. For standalone invoices where no purchase order is available, such as utility bills, budget holders will authorise payment electronically via the College's finance systems.

18.3 Procurement

For the avoidance of doubt, these Financial Regulations shall take precedence over other policies and procedures with regard to procurement. Any requirement to depart from these procurement regulations must be discussed and agreed in advance with the VP Finance or the Principal and evidenced using a Financial Variation Form (see below).

The College requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice.

VP Finance is responsible for:

- ensuring that the College's procurement policy is known and observed by all involved in procurement for the College
- advising on matters of College procurement policy and practice
- advising and assisting departments where required on specific departmental procurement
- developing appropriate standing supply arrangements on behalf of the College to assist budget holders in meeting their value for money obligations
- vetting all orders above £10,000 (including VAT) before they leave the College
- the drafting and negotiation of all large-scale purchase contracts (generally in excess of £50,000 including VAT) undertaken by the College, in collaboration with the responsible department
- ensuring that the College complies with EU regulations on public procurement policy.

18.4 Purchase orders

The ordering of goods and services shall be in accordance with the College's detailed financial procedures and procurement policies. All purchase orders must be authorised by the budget holder and as per the authorisation levels detailed below. Individual transactions up to £250 are to be via procurement card where possible, and in such cases a purchase order is not required.

All expenditure shall require the approval of the designated finance signatory prior to any commitment being made. After authorisation by the budget holder, purchase orders above cannot be completed without finance authorisation. This authorisation is delegated to the following posts as follows;

Cost Centre Managers	orders up to £2,000 and within budget
Individual SLT members	orders up to £10,000 and within budget
Head of Finance	orders up to £10,000
VP Finance	orders up to £50,000*
Principal	orders up to £100,000*
Head of Governance (on behalf of FRC)	orders over £100,000*

* Specific limits for the approval of contracts for capital projects are provided in 18.7 below.

Official College orders must be placed for the purchase of all goods or services, including those made using the College's purchasing cards above the £250 threshold, except those made from petty cash. When transferring goods or services between departments, an interdepartmental transfer form must be used.

Budget holders and Cost Centre Managers should be satisfied that the purchase order is for goods or services which are an appropriate use of that particular budget. Particularly, the purpose of the classroom materials budgets is to enhance the student learning experience in the place of learning. Therefore, these budgets should not be used for the purchase of IT equipment nor to provide refreshment or hospitality for staff related matters on or off College premises.

Purchase Orders should ideally be reviewed and approved or rejected within 48 hours in most cases. Where the regular approver is absent, a suitable substitute can be arranged in agreement with the VP Finance, or the next most senior approver may be asked to approve the order.

18.5 Purchasing cards

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

The financial authority levels assigned to purchasing cards shall not exceed 50% of an individual's authority as described elsewhere in these regulations. The maximum transaction limit for purchasing card use is £10,000.

Cards shall not be enabled for cash withdrawals.

Holders of physical purchasing cards must hold them securely and must use them only for the purposes for which they have been issued and within the authorised purchase limits. Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs. The VP Finance shall determine what information is required for purchases made with purchasing cards to enable financial control to be maintained.

Cardholders are encouraged to utilise purchasing cards for transactions up to £250, for which a purchase order will then not be required.

Cardholders must maintain a log of purchases made in this way. This must be reconciled with the statement each month before being passed to the finance department.

Cards must be returned to the Finance Department before termination of employment and it is the responsibility of the cardholder's line manager to ensure that this occurs.

18.6 Tenders and quotations

Cost Centre Managers and delegated budget holders must comply with the college's tendering procedures, which are set out below. Where appropriate framework agreements should be used with approved suppliers. All values include VAT where applicable.

- under £2,000 – the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained
- from £2,000 to £50,000 – the budget holder shall be required to obtain at least three written quotations
- over £50,000 – all items will require three competitive tenders and must be reported to the VP Finance before commitment
- the award of contracts over £100,000 must be approved in advance by the FRC.
- Where the contract needs to be entered into before the next Committee meeting, approval must be sought from the Chair and one other member of the FRC. A Financial Procedure Note details this procedure.
- With respect to major capital expenditure, if the contract falls within the 'Project Budget' (as approved by the Corporation Board), and is between £100,000 and £1,000,000 in value, it may alternatively be agreed by the College Redevelopment Project Group.
- Quotations need not be sought if there is an existing preferred supplier. Applications to nominate a preferred supplier must be made, in writing, to the VP Finance and approval must be renewed annually. The nominated supplier can be a regular supplier who has consistently provided value for money and, if the annual value of supplies is over the threshold specified above, who has been chosen after quotations or tenders for a range of goods have been provided (see Appendix I).

Quotes must be in writing, which may include email, including the name of the person and organisation giving the quote as well as the amount and any other relevant information. These should be attached to a completed pro-forma and retained with a copy of the purchase order (see Appendix H).

If new suppliers are needed, budget holders will complete a new supplier form, and Finance will conduct and record the necessary due diligence for each supplier.

The value of the contract is considered to be the total value over the life of the contract. For contracts with an indeterminate duration, a period of five years shall be assumed. The Financial regulations cannot be circumvented through the use of multiple purchase orders for a single contract e.g. by the use of monthly or quarterly orders.

18.7 Capital Projects Authorisation and Monitoring

The FRC and/or the College Redevelopment Project Group (CRPG) may recommend project budgets to the Corporation to approve a project budget and subsequent variations to the project.

For individual contracts as part of the project the following thresholds for authorisation are as follows provided costs are within the approved budget

- VP Finance up to £100,000
- Principal up to £250,000
- FRC Chair up to £1,000,000 within contract/budget (may be obtained by email)
- FRC contracts over £1,000,000

CRPG will provide detailed monitoring of major capital projects within its remit to each meeting of the FRC with a summary to the Corporation. In the absence of CRPG, FRC shall perform this function.

18.8 Use of Framework Agreements

Various public procurement framework agreements exist, covering a wide range of goods and services for use by the further and higher education sectors. These agreements may be accessed through a purchasing consortium and because the European Union procedures referred to below have already been completed, large contracts above the prevailing threshold may be entered into without first advertising in the European Journal.

All purchases made through framework agreements shall be in accordance with the applicable framework rules.

18.9 Exceptional Circumstances

In circumstances where it has not been possible to obtain the required number of quotations for example because there are a limited number of providers able to supply the goods or services, or there are genuine time restraints, a Financial Variation Form shall be completed by the responsible manager and signed by the VP Finance or Principal, with a copy retained on file by Finance.

18.10 Post-tender negotiations

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

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

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

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

All post-tender negotiations should be reported to the Corporation.

* Note that OJEU post tender negotiations exclude negotiations on price

18.11 Use of Consultants

Consultants are an expensive resource and it is essential to ensure that they are utilised to best effect and their selection and management is undertaken in such a way as to secure best value for money. Appointment of any consultants can only be made with the agreement of the Principal or the VP Finance. Full Details of the requirements in respect of consultants are given in Appendix J.

The appointment of contractors, consultants, interim managers and the like shall be subject to the requirements of this clause 18.12, even if the initial justification and approval was for an established post under the College's staffing procedures. In such cases, it is acknowledged that it is often not practicable to obtain multiple tenders or quotes and a Financial Variation Form should be completed in such cases. Other provisions, such as the requirement to secure Value for Money, remain and must be observed.

18.12 Contracts

Building contracts are administered by the Director of IT and Estates. Proposals will normally be initiated by the Director of IT and Estates in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments.

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

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the VP Finance. Investment appraisals should comply with appropriate funding bodies guidance.

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

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

Conditions of contract for the purchase of goods will be followed as described in the College's detailed financial procedures.

As part of a contract, there should be a written clause which clearly state no variation to contract is permitted without written approval.

18.13 UK Procurement Regulations

The VP Finance is responsible for ensuring the College complies with its legal obligations concerning procurement legislation. The UK Government has issued Procurement Policy Note PPN08/20 to govern procurement following the end of the Brexit transition period. These regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The PPN states that “whilst the framework and principles underlying the public procurement regime (the procurement procedures, financial thresholds, etc.) will not substantially change, contracting authorities will be required to publish public procurement notices for new procurements to the new UK e-notification service, Find a Tender (FTS): <https://www.find-tender.service.gov.uk>”

The VP Finance shall be responsible for ensuring that the regulations are followed, in particular the appropriate use of the ‘Find a Tender’ service.

From 1 January 2020, the thresholds are as follows (unchanged for 2021):

Supplies and Services contracts	£189,330
Works contracts	£4,733,512

The VP Finance will advise SLT and Cost Centre Managers on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

It is the responsibility of SLT members and Cost Centre Managers to ensure that their members of staff comply with EU regulations by notifying the VP Finance of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit publishing in accordance with the PPN above.

The VP Finance is also required to submit to the ESFA annually details on expenditure which exceeds the threshold. Copies of the relevant documentation falling into this category must be provided by Cost Centre Managers to the VP Finance.

18.14 Receipt of goods

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

Details of goods received shall be recorded. If the goods are deemed to be unsatisfactory, the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.

All persons receiving goods on behalf of the College wherever possible should be independent of those who negotiated prices and terms and placed the official order.

18.15 Payment of invoices

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

The VP Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer or faster payment. In exceptional circumstances payment will be made by cheque or CHAPS.

Cost Centre Managers are responsible for ensuring that expenditure within their departments does not exceed funds available.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Finance Department and not the department that received the goods or services. All invoices must state the purchase order number(s) where relevant and should not be paid unless this is complied with. Invoices that cannot be matched with a receipted purchase order will be passed to the Cost Centre Manager for certification who should review and respond within 48 hours, following which approval will be escalated to the next available authority. Care must be taken by the budget holder to ensure that discounts receivable are obtained.

Payments will only be made against invoices that have been certified for payment by the appropriate Cost Centre Manager or budget holder, either directly or by virtue of a matching receipted purchase order.

Certification of an invoice will ensure that:

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

Payment by cheque, standing order or direct debit will only take place in exceptional circumstances with written approval from Principal or VP Finance. Direct debits are set up for payment of utilities, rates, telephones, procurement cards and PDQ charges.

Any payment in advance of receiving goods or services will only be at the discretion of the Principal or VP Finance and evidenced in writing.

18.17 Staff reimbursement / Petty Cash

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

Where a single item is for less than £50 it may be paid from petty cash or bank transfer. It must be supported by receipts or vouchers. Over this value a purchase order must be raised and an invoice submitted by the supplier, or a purchasing card used.

Imprest amounts and requisitions for reimbursements shall be made through the Finance Department. It is important for security purposes that petty cash imprest floats are kept to a minimum.

The member of staff granted a float is personally responsible for its safe-keeping and will be asked to sign for its receipt. The petty cash box must be kept locked in a secure place in compliance with the requirements of the College's insurers when not in use and will be subject to periodic checks by the Cost Centre Manager or another person nominated by him or her.

At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter-signed by the Cost Centre Manager.

Where a float is for a one-off event e.g. College journey, it must be repaid, with accompanying receipts immediately following completion of the event.

When a member of staff leaves the College's employment the float must be repaid. It is the line manager's responsibility to ensure this occurs.

18.18 Other payments

Payments for maintenance and other items to students on behalf of sponsoring organisations or otherwise shall be made on the authority of the VP Finance, supported by claims approved by the Deputy Principal (Curriculum and Quality) or Head of Student Services.

Individual payments under 'outward collaborative provision', also known as sub-contracting shall be authorised by the VP Finance. This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved under a scheme set out by FRC.

18.19 Late payment rules

The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. This has since been supplemented by the Late Payment of Commercial Debts Regulations 2002. This legislation enables small businesses to charge interest at 8% above base rate. In addition, a penalty of £40, £70, or £100 may be charged. The Act also applies to overseas organisations.

In view of the penalties in this Act, which also include the possibility of being sued for non-payment, the Corporation requires that invoices must be passed for payment as soon as possible after they are received.

18.20 Giving hospitality

Staff entertaining guests from outside bodies at lunch time should normally use the college's catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement. All hospitality must be agreed in advance by the line manager.

The limits concerning acceptable expenditure for entertaining guests are set out in the College's detailed financial procedures.

19. Pay Expenditure

19.1 The VP Finance is responsible for ensuring the payment of salaries and wages to all staff via the payroll provider, including payments for overtime or services rendered.

19.2 Remuneration policy

All College staff will be appointed to the salary scales approved by the Corporation in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources Department. The Corporation will determine what other benefits are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available. Salaries and other benefits for senior post holders and the Clerk will be determined by the Remuneration Committee of the Corporation.

19.3 Appointment of staff

All contracts of service shall be concluded in accordance with the College's approved Human Resources practices and procedures and all offers of employment with the College shall be made in writing by the Assistant Principal Human Resources and Organisational Development or the Head of Human Resources. Budget holders shall ensure that the Assistant Principal Human Resources and Organisational Development is provided promptly with all information that may be required in connection with the appointment, resignation or dismissal of employees.

19.4 Salaries and wages

The VP Finance is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered and is responsible, via the Assistant Principal for Human Resources and Organisational Development, for keeping all records relating to payroll including those of a statutory nature. This responsibility may be largely delegated to the HR Department and the payroll provider. The respective responsibilities of the College and the payroll provider are detailed in the Service Level Agreement. These are summarised below.

The College is responsible for;

- The provision of the standing data for each employee
- Monthly notification of any changes
- Verification of the calculations of the value of the changes
- Distribution of payslips

Reconciliation of the monthly finance and disbursements reports

The Payroll provider is responsible for;

- The calculation of all payments due
- Correct calculation of deductions
- Production of payslips
- Physical payments of amounts due to employees
- Physical payments of amounts due to third parties
- Maintenance of information for completion of Teachers Pensions Agency and Local Government Pension Scheme returns

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

The VP Finance shall be responsible for keeping all records relating to payroll including those of a statutory nature.

All payments must be made in accordance with the College's detailed payroll financial procedures and comply with Her Majesty's Revenue and Customs regulations.

19.5 Superannuation schemes

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

The VP Finance through the HR Department and payroll provider is responsible for day-to-day superannuation matters, including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes
- and for administering eligibility to pension arrangements

19.6 Travel, subsistence and other allowances

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form accompanied by supporting documentation.

Claims by members of staff must be authorised by their Cost Centre Manager. The certification by the Cost Centre Manager shall be taken to mean that:

- the journeys were authorised
- the expenses were properly and necessarily incurred
- the allowances are properly payable by the College
- consideration has been given to value for money in choosing the mode of transport.

Where second class rail fare is cheaper than car mileage, this will normally be the amount refunded. Reduced fare structures should be used wherever possible. Mileage allowances will be paid in line with HM Revenue and Customs guidelines. The current rates are available on Moodle.

Any expenses which are not wholly related to the business of the College are regarded by HM Revenue and Customs as benefits in kind and must be declared by both the college and the employee.

As a result of legislation concerning Corporate Manslaughter, the College's insurers now advise additional assurances. Staff who use their own vehicles on College business must register with the College as Authorised Drivers. In order to do this, a complete Driver Ability form, together with driver's license, vehicle tax disc, insurance certificate and MOT certificate (where Appropriate) should be presented to the Finance Department. This registration process must be repeated on an annual basis and any interim changes must be reported to finance. Staff who claim reimbursement of travel expenses will be required on the claim form, to confirm that their registered details remain accurate. Members of staff who are not registered as Authorised Drivers must not use their vehicles on College business.

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

Overnight accommodation will be paid if it can be demonstrated that it is part of a training or other College related activity and should not normally exceed £75 per night.

Meal allowances are paid as follows:

Breakfast	£5.00
Lunch	£6.00
Dinner	£16.00

19.7 Overseas travel

All arrangements for overseas travel must be approved in line with the Policy and framework approved by the FRC (see Appendix F). Where spouses, partners or other persons unconnected with the College intend to participate in a trip, this must be clearly identified in the approval request. The College must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings.

The College would not normally make travel bookings for spouses, partners or other persons unconnected with the College.

19.8 Allowances for members of the Corporation

Claims for members of the Corporation will be authorised by the Clerk to the Corporation. Only reasonable expenses can be incurred.

19.9 Severance and other non-recurring payments

Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the Corporation. Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose.

All such payments shall be authorised by the Principal or SLT and calculations checked by the Head of Human Resources or VP Finance.

Any individual amounts that do not fall within the parameters above or are in excess of £30,000 require approval by the Corporation. In exceptional circumstances this approval may be given by the Chair of the Corporation in consultation with the Principal, to be reported to the next meeting of the relevant meeting. Amounts paid should be declared in the financial statements.

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

20 Assets

20.1 Land, buildings, fixed plant and machinery

The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the Corporation and with reference to funding body requirements where exchequer-funded assets or exchequer funds are involved. The purchase of plant, machinery and equipment will be carried out as per the normal procurement limits as set out in section 18.

20.2 Fixed asset register

The VP Finance is responsible for maintaining the college's register of land, buildings, fixed plant and machinery, which shall include all assets costing in excess of £2,000. Cost Centre Managers will provide the VP Finance with any information he or she may need to maintain the register. For security purposes, computer equipment with a value less than £2,000 may also be included in the asset register.

20.3 Inventories

SLT members and Cost Centre Managers are responsible for maintaining inventories, in a form prescribed by the VP Finance for all portable plant, equipment and stores in their departments with a value in excess of £500. The inventory must include items donated or held on trust.

Inventories must be checked at least annually as described in the College's detailed financial procedures. When transferring such equipment, etc. between departments, a transfer record must be kept and the inventories amended accordingly.

20.4 Stocks and stores

Cost Centre Managers are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting in departments must have the approval of the VP Finance.

Cost Centre Managers are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks. Those Cost Centre Managers whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the VP Finance and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the College's detailed financial procedures.

20.5 Safeguarding assets

SLT members and Cost Centre Managers are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the VP Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed. Assets owned by the College shall, so far as is practical, be effectively marked to identify them as College property.

20.6 Personal use

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

20.7 Asset disposal

Disposal of equipment and furniture must be in accordance with procedures agreed by the FRC and contained in the College's detailed financial procedures.

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

20.8 All other assets

SLT members and Cost Centre Managers are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the college, including electronic data and intellectual property.

A Disaster recovery plan is in place to mitigate against loss of computing facilities and is reviewed annually and tested.

21. Funds Held on Trust

21.1 Gifts, benefactions and donations

The VP Finance is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the College and initiating claims for recovery of tax where appropriate.

21.2 **Student welfare and access funds**

The VP Finance will prescribe the format for recording the use of student welfare funds. Records of the individual funds will be maintained according to funding body requirements.

21.3 **Trust funds**

The VP Finance is responsible for maintaining a record of the requirements for each trust fund and for advising the FRC on the control and investment of fund balances. The FRC is responsible for ensuring that all the College's trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

21.4 **Reserved/ Restricted Funds**

Reserved or restricted funds (restricted by provisions of a legal agreement) are **not** to be used other than for their designated purpose. Should the College require additional financial resources for operational purposes or purposes outside the legal agreement, the restricted funds will not be drawn upon for this use. If necessary, the restricted funds can be used as collateral against borrowing to fulfil the need. Any borrowing against restricted funds would be recommended by the FRC to the Corporation.

21.5 **Voluntary funds**

The VP Finance shall be informed of any fund that is not an official fund of the college which is controlled wholly or in part by a member of staff in relation to their function in the College. The accounts of any such fund shall be audited by an independent external person and shall be submitted with a certificate of audit to the appropriate body. The VP Finance shall be entitled to verify that this has been done.

22. **Other**

22.1 **Insurance**

The VP Finance is responsible for the College's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered by the FRC on an annual basis.

The VP Finance is responsible for effecting insurance cover. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The VP Finance will keep a register of all insurances affected by the College and the property and risks covered. He or she will also deal with the College's insurers and advisers about specific insurance problems.

Cost Centre Managers must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The VP Finance advice should be sought to ensure that this is the case. Cost Centre Managers must give prompt notification of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Cost Centre Managers must advise immediately of any event that may give rise to an insurance claim and they will notify the institution's insurers and, if appropriate, prepare a claim in conjunction with the Cost Centre Manager for transmission to the insurers.

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

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

22.2 Companies and joint ventures

In certain circumstances it may be advantageous to the College to establish a company or a joint venture to undertake services on behalf of the College. Any member of staff considering the use of a company or a joint venture should first seek the advice of the VP Finance who should have due regard to guidance issued by the funding bodies. Approval for such matters is required by the Corporation, which is responsible for ensuring that the required procedures are followed.

22.3 Security

Keys to safes or other similar containers are to be carried on the person of those responsible at all times. Loss of such keys must be reported to the VP Finance.

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

The VP Finance is responsible for the safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the VP Finance. All such documents shall be held in an appropriately secure, fireproof location and copies held electronically.

22.4 Students' Union (arm's length)

Where formally established as such, the Students' Union shall be a separate legal entity from the College but recognised to fulfill a valuable role in relation to the College's students.

Subject to any constraints imposed by the funding bodies, the Corporation shall determine the level of grant to be paid annually to the Students' Union. The Corporation requires the Union to provide for information details of its proposed budget to assist in determining the appropriate level of grant.

The Students' Union is responsible for maintaining its own financial records and preparing its own annual financial statements.

In accordance with an agreement between the College and the Students' Union, the Union will provide monthly statements of income and expenditure to the Finance Department for information purposes only.

At year end the Students' Union financial statements will be audited by an appropriately qualified person and will be presented to the FRC for information.

In accordance with an agreement between the college and the Students' Union, the College's Internal Auditor shall have access to records, assets and personnel within the Students' Union in the same way as other areas of the College.

22.5 Use of the College Seal

Where a deed or document requires the College's seal, it must be sealed by the Head of Governance, who acts as Clerk of the Corporation or, in his or her absence, the VP Finance, and authenticated by the Chair of the Corporation or a nominated substitute plus one other governor.

The Clerk of the Corporation is responsible for submitting a report to the Corporation detailing the use of the College's seal since the last meeting.

22.6 Provision of indemnities

Any member of staff asked to give an indemnity, for whatever purpose, should consult the VP Finance before such indemnity is given.

Authority for the provision of indemnities shall be subject to the delegated authority limits, as if it were expenditure.

All indemnities shall be recorded in a register and the contingent liability recorded in the accounts.

23 Appendices and Annexes

- Appendix A Finance & Resources Committee Terms of Reference
<https://www.rutc.ac.uk/about-us/corporation/committees/finance-and-resources-committee.html>
- Appendix B Audit & Risk Committee Terms of Reference
<https://www.rutc.ac.uk/about-us/corporation/committees/audit.html>
- Appendix C Search, Remuneration & Performance Committee Terms of Reference
<https://www.rutc.ac.uk/about-us/corporation/committees/governance,-search-and-remuneration-committee.html>
- Appendix D Key Contacts in the Finance Department
- Appendix E The Seven Principles of Public Life from the Report of the Committee for Standards in Public Life (The Nolan Report)
- Appendix F Policy on Overseas Travel Costs and Related Goods
Annex A: Proforma Form for Overseas Travel
- Appendix G Terms of Reference for the College's Internal Audit Service
- Appendix H Procedure for Reporting and Investigation of Irregularities
Annex B: Categories of Irregularities & Areas of Incidence
Annex C: Interviewing of Suspects
- Appendix I Tendering for Contracts for Services
- Appendix J Use of Consultants
- Appendix K Use of College Redevelopment Project – Contingency Fund

KEY CONTACTS IN THE FINANCE DEPARTMENT

INTRODUCTION

The finance department is located on the ground floor of the main building. The cash desk is open between 8.45am and 4.30pm (Monday – Thursday), 8.45am and 4.15pm (Friday) although there is usually somebody in the office from 8.15am to 5.15pm.

CONTACTS

Ian Rule

Interim VP Finance

Jayesh Patel **Head of Finance** is responsible for managing the finance department. Jay is responsible for preparing the monthly management accounts and managing balance sheet reconciliations.

Onkar Joshi deals with banking, key account reconciliations and system administration, as well as supporting other roles in the team

Ashmeet Sidhu is responsible for all accounts payable and supplier-related matters

Sheniza Singh is responsible for accounts receivable including student fee billing and debt recovery processes, and accounting for the redevelopment project

At the time of writing, there is an accounts assistant role providing support to various processes in the department, filled by agency staffing

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

SELFLESSNESS

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

INTEGRITY

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

OBJECTIVITY

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

ACCOUNTABILITY

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

OPENNESS

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

HONESTY

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

LEADERSHIP

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

INTRODUCTION

Overseas travel undertaken by College governors, staff and students is categorised into three distinct areas.

- Educational Visits - overseas trips by staff for educational purposes linked to students programme(s) of study.
- Other visits by members of SLT and Other Staff - travel costs and expenses of College Managers making visits.
- Visits by governors - travel costs and expenses of governors making visits.

EDUCATIONAL VISITS

The travel and accommodation costs for college staff (lecturers) accompanying students on overseas visits is funded from the College's budget, subject to the following being agreed in advance of the visit:

- The relevant Cost Centre Manager confirms that the trip is for educational purposes linked to the students' programme(s) of study and that it is either an integral part of the programme or will 'add value' to it.
- Costs can be contained within existing budgets.

In addition, the detailed policy on Educational Visits must be complied with. It may be necessary for staff to reclaim out of pocket expenses relating to the visit that are not included within the cost of the trip. These will need to be authorised by the relevant budget holder, in accordance with the existing policy for staff expenses. Students' travel costs and accommodation will usually be funded by the students.

OTHER VISITS BY SENIOR POSTHOLDERS AND OTHER STAFF

These visits could be for several reasons, including: generating income from overseas students, building links with overseas institutions in order to share experiences with and build knowledge from teaching staff and students in order to broaden experience and enhance the quality of teaching and learning. Each journey is considered on its merits, but it must also meet the following criteria:

- (i) The objectives of the visit are clearly stated
- (ii) The visit must be clearly justified as being essential
- (iii) Consideration is given as to whether the objectives for the journey could be met by other means, e.g. video conferencing or teleconferencing
- (iv) Alternative modes of travel are considered (e.g. duration and cost)
- (v) The class of travel is appropriate taking the specific circumstances into account. For airfares, as a general rule it is appropriate to travel club class or equivalent for journeys greater than two and half-hours.

- (vi) Comparative costs of travel are assessed in accordance with financial regulations
- (vii) The journey must offer value for money
- (viii) Staff are not entitled to benefit personally from promotional offers, such as air miles, and should use them against official journeys
- (ix) For journeys that are part official, part private, e.g. where leave entitlement is taken at the end of an official journey, the official journey must be justifiable in its own right and only the costs of the official element is met

A proforma incorporating the above requirements must be completed for each visit (see Annex A). Proformas that show the requirements have been met, other than from the Principal, are authorised by the Principal. Proformas for visits by the Principal are authorised by the Chair of the Corporation. If any of the above criteria cannot be met, but the specific circumstances of the trip are such that it is considered essential, then the proforma is forwarded by the Principal to the Chair of the Corporation for approval.

Any proformas approved for staff are reported for information to the following meeting of the FRC. Following the approval of the proforma, the payments for travel and accommodation costs and expenses for staff undertaking visits, other than the Principal, are authorised by the Principal or the VP Finance, in accordance with financial regulations (although an individual on the same trip cannot authorise payments for another member of staff on the trip). The payments for travel costs for the Principal are authorised by the Chair of the Corporation.

OVERSEAS VISITS BY CORPORATION MEMBERS

The criteria set out above must also be met for overseas visits by Corporation Members and recorded in the attached proforma in Annex A. The criteria must be presented to a meeting of the Corporation Board in order to seek approval, in particular making clear the objectives of the visit and why it is essential. It is not envisaged that urgent approvals will be required in between Corporation Board meetings for such visits, but if such a circumstance does arise, a special Corporation Board meeting will be convened.

Annex A

Request by governors, senior post holders and other staff to undertake an overseas visit

(In accordance with Appendix F of College Financial Regulations)

Request from:

Name:

Position:

Details of Visit:

Location:

Dates of travel:

Length of Visit:

Objectives:

State clearly the objectives of the visit:

.....

.....

.....

.....

State clearly why the visit is essential:

.....

Can the objectives of the visit be met by alternative means e.g. video conferencing? Yes / No (delete as appropriate – if yes please state how)

.....

Transport, Accommodation and Other Costs:

Are there alternative modes of transport available? Yes / No (delete as appropriate – if yes please give details)

.....

.....

Provide details of 3 alternative quotes and mark with a \checkmark the preferred choice:

1.-----

2.-----

3.-----

How are you travelling? (It may be appropriate to travel club class or equivalent for journeys greater than 2½ hours)

State the duration of the journey: -----

Club

Economy

State why the journey is value for money: -----

What are the anticipated accommodation costs? -----

What other costs are anticipated? -----

Other:

Are you benefiting personally from the trip? Yes / No (please delete as appropriate - if yes please give details) -----

Is the journey part private? Yes / No (please delete as appropriate- If yes only the cost of the official element will be met)

Proposed by:

Signature: ----- **Date:** -----

Agreed by:

Signature: ----- Principal / Chairman of Governors (delete as appropriate)

Corporation Board Meeting on: ----- in respect of a visit by a Member of the Corporation (if applicable) – see attached corporation board minute

Date: -----

APPENDIX G: TERMS OF REFERENCE FOR THE COLLEGE'S INTERNAL AUDIT SERVICE

Role of the Internal Audit Service

1. The role of the Internal Audit Service is to provide management with an objective assessment of whether systems and controls are working properly to achieve management's objectives. It is a key part of the College's whole system of internal control because it measures and evaluates the accuracy and effectiveness of other controls so that:
 - The Corporation and senior management know that the extent to which they can rely on the whole system of internal control of the College,
 - Individual managers can assure themselves that the systems and controls for which they are responsible are reliable.

Appointment

2. The Internal Audit Service is appointed by the Corporation for a term of 3 years commencing 1st August with a possible extension for one year. This is subject to satisfactory annual review by the Audit Committee and recommendations to the Corporation. Remuneration shall be fixed by the Corporation on the advice of the Audit Committee. A new competition for the selection of the Internal Audit Service must be held at least every 4 years.
3. In extenuating circumstances an addition year, to the three years plus one extension, may be added to existing incumbents' of Internal Audit Service, with approval from both Finance and Resources and Audit Committees.

Scope

4. The work of the Internal Audit Service must embrace the whole system of internal control of the College including all its activities including subsidiary companies and all its locations, funded from whatever source. The Internal Audit Service shall consider the adequacy of systems and controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It shall seek to confirm that management have taken the necessary steps to achieve these objectives.
5. The whole system of internal control at the College examined by the internal Audit Service shall be construed to mean all those systems that secure achievement of the College's entire set of strategic objectives, as expresses in its strategic plan.
6. The systems of control subject to the Internal Audit Service's shall include those systems of control operated by:
 - all College subsidiary or associated companies,
 - the College's partners in collaborative provision,
 - contractors of the College that provide that handle or processes College finances or management information in any form.

7. It is not within the remit of the Internal Audit Service to question the appropriateness of policy decisions. However, the Internal Audit Service is required to examine the management arrangements by which such decisions are made, monitored and reviewed.
8. The Internal Audit Service may also conduct any reviews requested by the Corporation, Audit Committee or Principal, provided such reviews do not compromise its objectivity, independence or achievement of its plan to audit the whole system of audit control. Such special reviews shall be approved by the Corporation in advance of their performance, on the advice of the Audit Committee.
9. The person leading the Internal Audit Service is required to give an annual opinion to the Corporation, through the Audit Committee, on the adequacy and effectiveness of the College's governance, risk management and systems of internal control, to manage the achievement of the College's objectives.
10. In order to provide the required statement of assurance, the Internal Audit Service shall undertake a programme of work over a cycle authorised by the governing body on the advice of the audit committee, to achieve the following objectives:
 - to review and appraise the soundness, accuracy and applications of the whole system of internal control,
 - to ascertain the extent to which the whole system of internal control ensures compliance with established policies and procedures,
 - to ascertain the extent to which the assets and interests entrusted to, or funded by, the college are properly controlled and safeguarded from losses of all kinds,
 - to ascertain that management information is reliable as a basis for the production of financial, statistical and other returns,
 - to ascertain the integrity and reliability of information provided to management including that which is decision-making,
 - to ascertain that systems of control are laid down and operate to achieve the most economic, efficient and effective use of resources.

Standards and Approach

11. The Internal Audit Service's work shall be performed in accordance with the requirements of the ESFA as detailed in the Post 16 Audit Code of Practice and its supplements and the standards for internal audit promulgated by HM Treasury. The work shall comply in all material respects with the *Government Internal Audit Manual* and have regard to the auditing guideline *Guidance for Internal Auditors*.

12. In achieving its objectives, the Internal Audit Service should:

- identify all systems and controls on which management proposes to rely and plan to review them over a cycle,
- evaluate such systems and controls, identify inappropriate or inadequate controls and recommend improvements in procedures or practices,
- ascertain that systems and controls have been established and are working to achieve the most economic, efficient and effective use of resources,
- draw attention to any apparently uneconomic or otherwise unsatisfactory results flowing from management's decisions, practices or policies,
- liaise with the external auditor, and with the EFSA audit service.

Independence

13. The Internal Audit Service has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. It may provide advice, however, on control and related matters, subject to the need to maintain objectivity, and resource constraints.

14. The Audit Committee shall advise the Corporation on all matters concerning internal control. Within the College, responsibility for the whole system of internal control rests fully with management, which should ensure that appropriate and adequate controls exist without reliance on the College Internal Audit Service. In order to preserve the objectivity and impartiality of the Internal Audit Service's professional judgement, recommendations for implementing audit recommendations rests with management.

Access

15. The Internal Audit Service has rights of access to all the College's personnel, premises, documents, records, information, assets, its partners and collaborative partners, and is authorised to obtain such information and explanations which the Internal Audit Service considers necessary to fulfil its responsibilities.

Reporting

16. The Head of Internal Audit has right of direct access to the Chair of Audit Committee and the Principal. He or she should submit an audit needs assessment, a strategic plan, an annual audit plan and an annual report to the Corporation for approval, following consultation with the principal and the college senior post holder with responsibility for overseeing the Internal Audit Service and after consideration by the Audit Committee.

17. The Head of the Internal Audit Service is accountable to the Principal and the governing body through the Audit Committee for the performance of the service. The Internal Audit Service also reports to the VP Finance on a day to day basis. The Head of the Internal Audit Service shall keep

the Principal informed of audit results and draw the attention of the Audit Committee to significant findings or recommendations.

18. The Internal Audit Service shall produce its reports, usually within one month of completion of each audit, giving an opinion on the area reviewed and making recommendations where appropriate. Recommendations should be prioritised. All reports should be provided to the Principal and VP Finance and copied to the Audit Committee. Heads of Department or services shall be required to respond to each audit report, usually within one month of issue. In their response, for agreed recommendations, their proposed action, the person responsible for implementation and a date by which action will be completed. Material recommendations will usually be followed up some six to twelve months later. In addition, Audit Committee shall monitor the implementation of audit recommendations by management.

19. The Internal Audit Service's report to the Corporation shall include:

- a statement of the extent to which the Corporation can rely on the whole system of internal control of the College,
- an analysis of common or significant weaknesses arising
- a comparison of the Internal Audit Service's activity during the year with that planned placed in the context of internal need
- details of any major findings where action appears to be desirable but has not been taken and which thus need to be brought to the attention of the Corporation.
- the extent of achievement of any objectives (including targeted performance indicators) which may have been agreed for the Internal Audit Service.

20. A copy of the Audit Committee Annual Report should be sent without delay to the ESFA by the College, after it has been received by the Corporation and recommended by the Audit Committee.

Irregularities, including Fraud and Corruption

21. The Internal Audit Service should report to the ESFA, copied to the Principal, without delay, serious weaknesses, significant frauds, major accounting and other control breakdowns.

Liaison

22. The Internal Audit Service shall liaise with the External Auditors to enhance the level of service it provides to the management of the College.

Ownership of Papers

23. In the event of a change in the Internal Audit Service provider, the outgoing Internal Audit Service provider will provide the incoming Internal Audit Service provider with the last set of reports

including the annual reports together with any supporting documents requested. Arrangements should be made for the outgoing audit provider to meet the incoming audit service provider where appropriate.

Termination of Appointment

24. The Corporation may, by resolution, remove the College's Internal Audit Service before its term of office expires, notwithstanding any agreement between the Internal Audit Service and the College.

APPENDIX H: PROCEDURE FOR REPORTING AND INVESTIGATION OF IRREGULARITIES

BACKGROUND

College management has a responsibility for the prevention, detection and investigation of irregularities including fraud and corruption (see Post 16 Audit Code of Practice). To discharge this responsibility, the Corporation and Principal must retain an adequate oversight and system of internal control over the College's activities.

Internal audit contribute to the fulfillment of this responsibility by the identification of any serious defects in internal control as part of their internal audit work, including the making of recommendations for management action to address such defects. The work of internal audit does not, however, remove or dilute the responsibility of the Corporation for the operation of internal controls and identification, prevention and investigation of irregularities.

RELEVANT GUIDANCE

ESFA (or its predecessor bodies) did not give any specific guidance as to the procedures to be followed by colleges in reporting and investigating irregularities.

Consequently, in 1996, the college's internal auditors at that time developed procedures, drawing on the following sources:

- the Government Internal Audit Manual;
- the Audit Commission Fraud and Corruption Manual;
- guidance notes issued by the Institute of Internal Auditors;
- best practice observed by the firm elsewhere in the education sector and the wider public sector environment.
- Reference to the Post 16 Audit Code of Practice

These procedures and accompanying notes are attached in Annexes B and C, including an explanation of categories of irregularity and most common areas of incidence. These were agreed and adopted by the college's Audit Committee on 2 October 1996.

HOW DOES AN IRREGULARITY OCCUR?

A fraud irregularity may be perpetrated on an organisation in three possible ways:

Internal - sole perpetrator

This type of irregularity is most commonly carried out by staff within the organisation that have ready access to liquid or moveable assets, e.g. cash or stocks. The scale of fraud is likely to increase if they also have access to primary accounting records for that system, to enable them to conceal irregularities, since there is then an opportunity to repeat or continue the irregularity. Many such employees will not be highly paid and may be subject to temptation, particularly if mistakes or discrepancies are not followed up promptly or thoroughly. Hence, the need for robust systems of control for this type of system.

External - sole perpetrator

This category covers burglary and theft by external parties as well as computer hacking and deception by external agencies, such as recent well-publicised deception to obtain bank details from Nigerian criminal organisations posing as banks or potential benefactors. In each of these cases, management will need to determine what security procedures are appropriate to minimise risk of loss through these means. In addition, Internal Audit Service should advise management where they become aware of a new or renewed fraud of this type which may put the College at risk.

Collusion

Fraud by collusion involves two parties, either both internal or internal and external, working together. The involvement of another party, who may, for example be supplying false documents or authorising false claims, makes such fraud extremely difficult to detect as the controls within the system may appear at first to be operating satisfactorily. An accurate and robust budgeting and management information system can act as a counter-control, provided that initial budgets are accurate and that subsequent management reports are thoroughly reviewed and variances investigated by those responsible (Governors, Finance, Senior Management and Budget Holders).

WHAT CAN THE COLLEGE DO?

The continual promotion of a culture of integrity within the College is an important part of the system for prevention and reporting of fraud or irregularities. We suggest that the following should be considered:

- declaration of interests (management and governors);
- whether there should be appropriate internal publicity of certain irregularities discovered and disciplinary action taken;
- contractual responsibilities of staff to observe standing orders and act within the best interests of the College at all times;
- protection and confidentiality of whistle-blowers;
- ensuring all staff are aware of procedures to follow in reporting suspicions of irregularity

CATEGORIES OF IRREGULARITIES & AREAS OF INCIDENCE**Categories**

There are broadly four categories of irregularity as set out below:

1.1 Theft

Dishonestly appropriating property of another with the intention of permanently depriving them of it (Theft Act 1968).

1.2 False Accounting

Dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another, or with intent to cause loss to another or furnishing information which is or may be misleading, false or deceptive (Theft Act 1968).

1.3 Bribery and Corruption

See Section 10 for details of irregularities arising in this category

1.4 Private Interests

Failure by members and officers to declare their private interests where they may be affected by matters under consideration.

2. Areas of Incidence

The most common areas in which an irregularity is likely to occur are as follows:

2.1 Income

Where the receipt of income provides opportunity for fraud by basic cash retention, assisted by suppressing, falsifying or destroying cash receipt or invoice records or when no initial receipt records are created. Falsification of records supporting grant or other income claims.

2.2 Payroll

Where the payroll system provides opportunity for fraud by introducing non-existent employees, known as ghosts, unauthorised amendments to input data, or making excessive overtime or bonus claims.

2.3 Expenditure

Where false input of invoices or payments may be possible or payments may be diverted, permanently or temporarily. Contract fraud where accepting late tenders or specification variations may arise, or contract or tender records are falsified or manipulated. Acceptance or maintenance of contract where an undeclared personal gain arises.

2.4 Stocks and Stores

Where poorly maintained stock records provide opportunity for misappropriation of stores by theft, the acceptance of short or unsolicited deliveries, the ordering of items for personal use or uneconomical purchasing due to inducements by suppliers' links.

2.5 Computer misuse

Where computer systems, software and/or hardware are misused in order to perpetrate fraud or to the potential detriment of the college (for example through use of unlicensed software or introduction of computer viruses).

2.6 Assets

Use of assets for personal gain or misappropriation of assets.

3. Identification of Irregularities

Irregularities may come to light in a number of ways and initially should be dealt with as follows:

3.1 Identification by the Department

Where a Cost Centre Manager has cause to suspect an irregularity, they should immediately contact the Principal (as designated Accounting Officer) and/or the Vice Principal Finance and Funding. One of these should alert the Internal Audit partner or manager, who should proceed as detailed below. The department should retain all records which may be involved and should not do anything to alert the person suspected of the irregularity.

3.2 Allegations made by a third party

In such cases, the informant should be referred to the Internal Audit partner or manager, via the Principal or VP Finance and requested to make a signed written statement of the allegation. It should be noted, however, that informants are reluctant to commit themselves to a formal statement. The anonymity of the informant should be respected. In general, all allegations, including anonymous ones, should be investigated to an appropriate degree.

3.3 Discovery during the course of an audit

If an auditor suspects an irregularity, they should immediately contact the Internal Audit partner or

manager. They should safeguard all records which may be involved and where possible, avoid alerting the suspect. If there is any suspicion of a cash deficiency, the auditor should immediately carry out a comprehensive cash count of all monies at that site.

4. Action to be taken

4.1 In all cases of reported allegations or suspicions of irregularities, the internal audit partner or manager will:

- determine whether allegations or suspicions warrant investigation on the basis of evidence available and wider knowledge of the College and its financial systems;
- take confidential advice from appropriate sources regarding the most appropriate course of action and/or method of investigation;
- determine the most appropriate time and method for informing the Audit Committee chair of the existence of such allegations or suspicions.

4.2 The Internal Audit Partner and Audit Committee Chair will then be responsible for:

- determining whether to request police involvement in the investigation of suspected irregularities;
- determining the extent to which the governors, Audit Committee, Principal and senior management should be informed of the existence and progress of any investigation by the Police or Internal Audit.

4.3 Timeliness

Prompt action is essential by all parties to minimise the potential impact of any suspected fraud and to arouse minimum suspicion by the alleged perpetrator(s). It is also very important to involve the Police at an early stage where the investigation is likely to result in criminal prosecution.

4.4 Police involvement

Due to their complexity almost all cases which could result in criminal proceedings should be investigated by the Police. The auditors' role will then be to support the investigation providing research and information on behalf of the College. This is still a very important role and it is likely that auditors could be the main prosecution witnesses. Impeccable records and procedures are therefore essential.

4.5 Interviewing

In the event of the Internal Audit Service conducting the irregularity interview or taking a statement from the suspect, there are strict guidelines which must be adhered to. Prior to 1986 such conduct had to be in accordance with Judges' Rules. However, from 1 January 1986, Judges' Rules were

superseded by a Code of Practice issued by the Home Office under Section 66 of the Police and Criminal Evidence Act 1984.

The primary considerations of the Code are to emphasise that:

- The interviewee should not be subject to duress - for example, prolonged or aggressive interviewing;
 - The interviewee should not be subject to inducement - for example, the suggestion of leniency;
- Accurate record keeping is essential - both of interviews, and throughout any investigation. All actions taken should be promptly recorded and signed/dated by individual involved.

4.6 Reporting

Where a statement has been made or evidence of an offence found, this will be reported to the Audit Committee, through the Chair, by the Internal Audit Partner.

Any such report will be made in consideration of the responsibility of the Internal Audit partner and the College to ensure that they could not subsequently be found to have defamed the character of individuals involved. The College & Internal Audit partner's defence in respect of such reports are:

Justification - in that the statement is true.

Fair Comment - in that the statement is genuine.

Privilege - in that it is the auditor's duty to report all findings.

4.7 Review and Recovery

As part of a follow-up to an irregularity investigation, a system's controls should be reviewed to prevent the opportunity for any future irregularity. Where appropriate and feasible steps should be taken to recover any loss, whether through insurance cover (e.g. fidelity guarantee), deductions from salary or other accrued benefits or other means.

**INTERVIEWING OF SUSPECTS: SUMMARY OF PROVISIONS OF THE POLICE AND CRIMINAL
EVIDENCE ACT CODE OF PRACTICE**

- Two auditors must be present, ensuring a reliable witness to the proceedings and allowing one to concentrate on questioning and one on recording the interview.
- A person whom there are material grounds to suspect of an offence must be cautioned before any questions about it are put to him for the purpose of obtaining evidence which may be given to a court in a prosecution.
- Where there is a break in questioning under caution, the interviewer must ensure that the interviewee is aware that the caution still applies when the questioning resumes.
- The interview record should detail when a caution has been administered.
- The interviewer should not try to obtain answers to questions, nor elicit a statement, by the use of oppression, or indicate, except in answer to a direct question, what action will be taken if the interviewee answers questions, makes a statement, or refuses to do either.
- An accurate record must be made of the interview. The record must state the place of interview, the time it begins and ends, and breaks in the interview, and the names of all present.
- Written interview records must be timed and signed by the maker.
- Any refusal by a person to sign an interview record when asked must itself be recorded.
- The interviewee must not be supplied with intoxicating liquor. Other forms of refreshment should be provided at regular intervals; the Code suggests every two hours. Details of refreshments provided should be noted in the interview record.
- As far as practicable, interviews should take place in rooms that are adequately heated, lit and ventilated.
- Any person being questioned, or making a statement, should not be required to stand.
- Before the interview commences, the interviewer should identify himself, and any other persons present, by name and position.
- If, during the interview, a complaint is made by the interviewee, this fact should be noted in the interview record.
- The interviewee should be given the opportunity to read the record and sign it as correct, or to indicate the respects in which he considers it to be inaccurate.
- If a suspect wishes to make a written statement it should be taken in accordance with provisions of Annex C to the Code.
- The suspect should be invited to write down himself what he wishes to say. If he wishes to write the statement himself, he should first be asked to write out and sign the following:

"I make this statement of my own free will. I understand that I need not say anything unless I wish to do so and that what I say may be given in evidence".

- He should be allowed to write the statement without prompting, except that it may be indicated to him which matters are material, and any ambiguity may be questioned.
- If the suspect wishes someone else to write the statement for him, he should first be asked to sign a statement as set out below:

"I,, wish to make a statement. I want someone to write down what I say. I understand that I need not say anything unless I wish to do so and that what I say may be given in evidence".

- The person writing the statement should take down the exact words spoken, and not edit or paraphrase it.
- When it is finished, the person should be asked to read it and make any alterations, additions or corrections he wishes. He should then be asked to sign the following certificate at the end:
- "I have read the above statement, and I have been able to correct, alter or add anything I wish. This statement is true. I have made it of my own free will".

APPENDIX I: TENDERING FOR CONTRACTS FOR SERVICES

Subject to any special rules imposed by funding bodies, the College's tendering procedures require a competitive tendering (sealed bidding) exercise involving at least three tenders for all contracts for services over £50,000 including VAT. Unless there are special circumstances which must be reported to and agreed by the VP Finance or, if under £100,000 or reported by the VP Finance or and agreed by the FRC (or Chair of FRC and another Member of the FRC) if over £100,000.

The awarding of contracts for services with an annual value of over £50,000 but less than £100,000 can be approved by the Principal or unless the contract is for the supply of financial services (e.g. auditors, bankers, insurers etc.) in which case the contract must be approved by the FRC.

For the award of contracts under £50,000 in value, paragraph 18.6 will apply.

For contracts for services with an estimated or known value of over £50,000 where a full tendering exercise is required, the following procedure should be adopted:

- (i) A specification of the goods / services required should be produced
- (ii) At least three potential suppliers should be invited to submit sealed bids by a pre-defined date and time. Tenders can be invited in a number of ways. The VP Finance can provide further guidance.
- (iii) As soon as possible after that time, all tenders received on time should be opened by the relevant officer in the presence of at least one witness.
- (iv) At the time of opening, a summary sheet detailing the main contents of each bid (i.e. at least the name of the tenderer and the amount of their bid) should be prepared and signed by the relevant officer and the witness/es.
- (v) The tenders should then be fully evaluated by relevant staff.
- (vi) The VP Finance should be kept fully informed of progress, timescales, etc.

The VP Finance is responsible for building contracts, and will normally initiate and administrate them, ensuring best value for money and compliance with the above paragraphs.

Submissions that have been approved by the Corporation should be forwarded to the ESFA where appropriate. If agreed, then ESFA procedures should subsequently be followed.

Conditions of contract for the purchase of goods will be followed as described in the College's detailed financial procedures.

To place a supplier on the College's Nominated or Preferred Suppliers List, departments should complete a "Nominated Suppliers Application Form" which is available from Finance and on Moodle. The department should demonstrate the following:

- Three regular products are cheaper than three new suppliers
- A consideration of price, quality, discounts, availability and reputation
- The outcome should achieve “best value for money”

A supplier will remain on the list for two years after which a review must be undertaken.

APPENDIX J: USE OF CONSULTANTS

Consultants are an expensive resource and it is essential to ensure that they are utilised to best effect and their selection and Management is undertaken in such a way as to secure best value for money. Therefore, in order to tightly control this area, any appointment of consultants can only be made with the agreement of the Principal or VP Finance.

Prior to the appointment of a consultant, Management must be clear as to the scope and objectives of the proposed work. Consideration should be given to preparing a detailed brief covering:

- background to the project, including details of source documentation available for inspection
- project objectives and timetable
- expected product or service
- reporting requirements
- a contact name and number.

If appropriate, the brief can be refined later to take account of the consultant's suggestions. The brief then becomes the consultant's terms of reference, preventing misunderstandings between the consultant and the client. It also provides a point of reference for monitoring the project whilst in progress, and provides a means for evaluation when the project is completed.

The need to appoint a consultant must be clearly justified in writing. Usage should be limited to situations where in-house skills are either unavailable, or unavailable in sufficient quantities to meet required deadlines; or to where an independent view is necessary. The selection and appointment of consultants must be undertaken within the regulation detailed under 'Tendering for Contracts for Services' in Appendix I.

As previously advised, it is important that the College obtains best value for money when procuring goods and services.

Because of the nature of consultancy work it may, on occasions, be inappropriate to accept the lowest priced option. It is therefore essential that selection criteria are clearly specified in advance and that adequate records are maintained showing authorisations and reasons for selection. All agreements with consultants must be in writing.

Wherever possible, agreements should be for a fixed price with payments linked to successful completion of project tasks. Categories of expenditure which are to be reimbursed, e.g. travelling expenses, should also be specified.

To ensure that objectives are achieved within budget and the agreed time scale, regular monitoring of the project should be undertaken by a designated officer. A payment schedule must be maintained recording all payments made to the consultant, and all payments must be properly authorised by a suitably delegated officer. Any proposed extension to the consultant's contract must have the agreement of the Principal or VP Finance.

Adequate documentation of all stages of the project, including the original terms of reference and approvals monitoring documentation should be maintained. These records should be retained and made available when future use of the consultant is being considered.

APPENDIX K: College Redevelopment Project – Contingency fund

The Principal and VP Finance are authorised to approve a maximum of £50,000 of the contingency fund available per month. The limit of authority is against total contingency spend per month. The maximum limit will be subject to regular review based on the contingent fund available.

Contingency spend over this limit and up to £1,000,000 needs approval from the FRC or CRPG in line with the contract approval limits. All spend in excess of £1,000,000 needs approval from Corporation. Committee or Corporation approvals can be through written resolution or meetings, whichever is appropriate.

All contingency use will be reported to the CRPG at each meeting, including a cumulative account of the contingency fund usage.