

Financial Regulations 2024-25

These Financial Regulations provide the scheme of administration and accounting for staff of the Corporation. They apply to all staff. Failure to comply with these regulations and instructions and procedures will be regarded as a serious breach of discipline

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FINANCIAL REGULATIONS

Revision Index

The first Financial Regulations for the City of Bristol College were approved by the Shadow Board on 27 June 1996 and adapted by the new Governing Body when the new College was formed.

Full revisions were made in 1999, 2003 and 2009

Revisions relating to individual regulations may be made from time to time and will be distributed to all recognised holders of the Financial Regulations.

Version 1.0 - June 1996 - superseded February 1999
Version 2.0 - Introduced February 1999 - superseded November 2003
Version 3.0 - Approved November 2003 - effective from 1 January 2004
Version 4.0 - Approved December 2008 – effective from 1 January 2009
Version 5.0 - Approved October 2013 - effective from October 2013
Version 6.0 - Approved July 2018 – effective from August 2018
Version 7.0 – Approved October 2019 – effective from November 2019
Version 8.0 – Approved October 2020 – effective from November 2020
Version 9.0 – Approved July 2021 – effective from August 2021
Version 10.0 – Approved July 2022 – effective from August 2022
Version 11.0 – Approved July 2023 – effective from August 2023
Version 12.0 – Approved July 2024 – effective from August 2024

1. INTRODUCTION

- 1.1. The College is a Further Education Corporation created under the provisions of the Further and Higher Education Act 1992. Its structure of governance is laid down in the Instrument and Articles of Government, which can be amended by the Corporation subject to certain constraints. The College is accountable through its Governing Body, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2. These Financial Regulations govern the conduct of the Corporation, its Members, officers and agents in relation to all financial matters. They are subordinate to the Instrument and Articles of Government and the Financial Memoranda & Agreements between the Funding Agencies and the College. These Regulations apply to any subsidiary undertakings of the College unless the Corporation resolves otherwise.
- 1.3. For the purposes of these Regulations: 'budget' means:
 - 5.3.1 the formal schedule of income and expenditure of a revenue (recurrent) nature; and
 - 5.3.2 The capital programme (non-recurrent expenditure).
- 1.4. Subject to the Instrument and Articles of Government the interpretation of these Financial Regulations shall be the responsibility of the Executive Director of Finance and Funding reporting formally to the Principal and, where appropriate, the relevant Committee of the Board of Governors.
- 1.5. Financial Records shall not be disposed of other than in accordance with the UK General Data Protection Regulations (GDPR), the College's statutory reporting requirements, and as approved by the Executive Director of Finance and Funding.
- 1.6. Revisions may only be made to these Regulations with the approval of the Board.
- 1.7. Compliance with the Regulations is compulsory for all employees including agents, contractors and consultants engaged by the College to deliver a service. Any employee who fails to comply with the Regulations may be subject to disciplinary action in accordance with the Disciplinary Policy. With regards to agents, contractors and consultants who fail to comply with the Regulations, the College will rely on the termination rights under the respective contracts.

2. RESPONSIBILITY

2.1. Responsibilities under the Instrument and Articles of Government (Financial Matters)

2.1.1 The following are extracts from the Articles of Government relating to financial matters.

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| <p>3 (1) The Corporation shall be responsible for –</p> <ul style="list-style-type: none">(b) The effective and efficient use of resources, the solvency of the institution and the Corporation and for safeguarding their assets(c) approving annual estimates of income and expenditure(d) the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts and the clerk (including, where the clerk is, or is to be appointed as, a member of staff, his/her appointment, grading, suspension, dismissal and determination of pay in his/her capacity as member of staff)(e) setting a framework for the pay and conditions of service of all other staff <p>3 (2) Subject to the responsibilities of the Corporation, the Principal shall be the Chief Executive of the institution, and shall be responsible for:</p> <ul style="list-style-type: none">(c) preparing annual estimates of income and expenditure for consideration and approval by the Corporation, and the management of budget and resources within the estimates approved by the Corporation(d) the organisation, direction and management of the institution and leadership of the staff(e) The appointment, assignment, grading, appraisal, suspension, dismissal, and determination, within the framework set by the Corporation, of the pay and conditions of service of staff other than the holders of senior posts or the clerk where he/she is also a member of the staff |
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19	The Corporation shall set the policy by which the tuition and other fees payable to the Corporation are determined subject to any terms and conditions attached to grants, loans or other payments paid or made by the Funding Agencies
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22(1)	The Corporation shall –
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| <ul style="list-style-type: none">(a) Keep proper accounts and proper records in relation to the accounts; and(b) Prepare a statement of accounts for each financial year of the Corporation. |
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2.2 Responsibilities as defined by the Education and Skills Funding Agency

2.2.1 Responsibility of the Corporation

In receiving public funds, the Board of Governors accepts certain responsibilities set out in the Financial Memorandum, a copy of which can be obtained from the gov.uk website.

2.2.2 Ensure that a clear, risk based proportionate framework is in place that provides the assurance that the appropriate level of governance, risk and internal control arrangements are in place, as set out in the Joint Audit Code of Practice.

2.2.3 It shall be the responsibility of the Executive Director of Finance and Funding to:

- (a) Inform relevant persons of any revisions to the Regulations issuing 'Financial Procedures' and 'Financial Notes' as required. These detailed documents will have the authority of the Financial Regulations while being subordinate to them; they will be binding on all staff;
- (b) ensure that existing staff and all new employees are notified of their responsibilities within these Regulations;
 - i. be responsible for the implementation of these Regulations and for any corrective action necessary to further these Regulations;
 - ii. document and maintain financial and accounting procedures and systems, incorporating the principles of separation of duties and internal controls.

3. BUDGETS, BUDGETARY CONTROL AND FINANCIAL REPORTING

3.1. Overall arrangements

5.3.1 Draft budgets will be prepared by the Executive Director of Finance and Funding in accordance with strategic financial objectives determined by the Corporation on the basis of plans agreed by the Principal and aligned to the Curriculum Plan. Budgets will be submitted to the Board for approval before the start of the relevant financial year.

5.3.2 The approved total Corporation estimates will be allocated to budget managers on the basis of instructions from the Principal.

5.3.3 The Executive Director of Finance and Funding shall devise and maintain a system of budgetary control to ensure reporting of, and investigation into, variances of budget and provide budgetary information to enable the Principal and other budget managers to carry out their budgetary responsibilities.

5.3.4 The Principal may delegate responsibility for a budget or part budget to permit the performance of defined activities. The terms of delegation shall include clear definition of individual responsibilities for control of expenditure, and achievement of planned levels of income generation.

5.3.5 Budgets shall only be used for the purpose for which they were provided.

3.2. Budget Managers and their responsibilities

3.2.1 Budget Managers are responsible to the Principal for the financial management of the funds devolved to them. The Executive Director of Finance and Funding is responsible for advising them in the execution of their financial duties.

3.2.2 Budget Managers are responsible for ensuring clear lines of responsibility within their department for all matters that have a financial implication, e.g. All transactions that will generate income will be closely monitored, and ensure that invoices are raised in a timely manner. All enrolments will be processed into core college systems to ensure that all monies due to the college are collected. All costs and expenses of any type must be authorised in advance of commitment and checked to ensure that they are within budget or that appropriate funds are available.

3.2.3 The Finance Manager will maintain a list of Budget Managers and their nominees who are authorised signatories. The Finance Manager must be notified immediately of any changes to the authorities to commit expenditure.

3.3. Budgetary performance reporting

- 3.3.1 The Finance Business Partners (FBPs) are responsible for preparing on a monthly basis budgetary reports on all aspects of the College's finances. These reports should include an income and expenditure account, a balance sheet and a twelve-month rolling cash flow forecast. Where appropriate, variances and a forecast out-turn should also be included.
- 3.3.2 Reporting should include any subsidiary companies/joint ventures, and provide sufficient analysis of any trading activities and capital projects. There should be adequate written commentary on variances and other developments.
- 3.3.3 These reports will be produced within 10 working days of the month-end for consideration by the Principal and the Strategic Leadership Team.
- 3.3.4 Meetings of the Finance and Resources Committee will consider these reports on at least a termly basis and they will then be presented to the Corporation. The frequency of these reports to Governors will be increased in the event of significant financial issues or risks arising.

4. **INCOME**

4.1. Overall arrangements

- 4.1.1 The Executive Director of Finance and Funding shall be responsible for designing and maintaining systems for the proper, complete and timely recording, accounting for and collection of all monies due and shall take appropriate recovery action on all outstanding debts. Income not recovered shall be dealt with in accordance with the section on Losses.
- 4.1.2 All employees seeking to initiate contracts or other transactions, for which money will be due to the Corporation, shall seek appropriate approval, when required, and follow procedures laid down by the Executive Director of Finance and Funding.
- 4.1.3 Income accruing to the budget centres becomes the income of the Corporation, and shall be used in a manner to be decided by the Principal subject to the policy of the Board.
- 4.1.4 Scales of charges for tuition fees shall be reviewed once a year. Other fees and charges shall be subject to continuous review and alteration as appropriate by budget managers under the overall control of the Principal. This will always be carried out with the objective of meeting budgetary targets and of being congruent with the Board's policy.

4.2. Collection of Income

- 4.2.1 All monies received should be paid to Student Services or directly to the Finance Department in compliance with the fees policy. Monies should only be received by other persons with prior discussion and approval with the Finance Manager.
- 4.2.2 All monies received must be paid to Student Services or the finance cashier promptly, and in accordance with a timetable prescribed by the Executive Director of Finance and Funding and set out in financial procedures. The custody and transit of all monies received must comply with the requirements of the College's insurers.
- 4.2.3 All income received directly into the college bank accounts including credit card payments will be recorded and allocated to General Ledger and debtors' accounts as soon as practicable after the transaction date.
- 4.2.4 All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenses or be paid into the departmental petty cash float. Personal or other cheques must not be cashed out of money received on behalf of the College.
- 4.2.5 All monies received via credit or debit cards must adhere to the security requirements set out in the Payment Card Industry Data Security Standards (PCI DSS) to ensure that all storing, transmitting and processing of card data is not subjecting customers or employers to any data risk or fraud; this includes the requirement for daily reconciliations of card payments.
- 4.2.6 The Executive Director of Finance and Funding will ensure that the college's merchant service provider is a recognised Quality Security Assessor (QSA) certified to manage PCI DSS compliance and certification. The College will have systems in place to ensure that the PCI DSS set of standards are adhered to and that the college stores, processes and transmits card payments securely.

5. EXPENDITURE

5.1. Introduction

5.1.1 Background

- (a) The College is a "Contracting Authority" and so must adhere to the Public Contracts Regulations 2015 and the Procurement Act 2023 (as appropriate), as well as other legislation that impacts on procurement or how the College acquires the goods, services or works it requires from suppliers.
- (b) There are procurement processes and procedures detailed on the Procurement Intranet that must be followed. Budget Managers must familiarise themselves with these processes and procedures and contact Procurement with any queries or for assistance.
- (c) Expenditure can be committed to or incurred by various means including: creating a contract using a College Purchase Order via the Electronic Order system, the use of a purchase card, raising a pay claim, raising a cheque request and the use of petty cash or through the award of a formal agreement following a procurement process.
- (d) The order of preference as methods of committing to / incurring expenditure is:
 - i. Purchase Order
 - ii. Award of formal agreement via Procurement
 - iii. Purchase Card ('GPC')(The following need permission from Finance and / or line manager as most relevant)
 - iv. Direct Debit
 - v. Pay claim
 - vi. Cheque
 - vii. Bank transfer
 - viii. Petty cash
- (e) All and any expenditure must be checked that it is within an authorised budget limit before authorisation is given to incur the cost.
- (f) Any payment(s) in advance of delivery of goods, services or works present a risk to the College and are discouraged. Budget Managers are to seek advice from Procurement in such instances.
- (g) In specific circumstance, with the prior agreement in writing of the Executive Director of Finance and Funding or their nominee, the process of authorising payments set out in these regulations may be varied and reported to Audit Committee for information.
- (h) The financial limits set out in these regulations are inclusive of VAT and (unless stated otherwise) are calculated as a total cost of ownership over

the period of the agreement or over 48 months – whichever is most applicable.

- (i) The College must adhere to the Economic Activity of Public Bodies (Overseas Matters) Bill. This bill bans public bodies from pursuing their own direct or indirect boycotts, disinvestment or sanctions campaigns against foreign countries.

5.1.2 Delegated Authorisation and agreement signatures

Formal agreements are to be signed by the person(s) authorising the expenditure or, in the case of expenditure exceeding £50,000, by the Principal or Executive Director of Finance and Funding.

- (a) Expenditure up to £5,000 may be authorised by a Budget Manager or a designated signatory.
- (b) Expenditure between £5,000 and £50,000 must be approved by the relevant member of the Strategic Leadership Team (SLT).
- (c) Expenditure exceeding £50,000 must be authorised by the Principal and the Executive Director of Finance and Funding.
- (d) Expenditure exceeding £250,000 must have approval from two of the following: the Chair and Vice Chair, or two vice chairs of Governors and reported to the board, with the exception of payroll deductions e.g. HMRC and Pension payments and bank loan repayments.
- (e) Expenditure exceeding £1.5m must be approval from Main Board.
- (f) Deeds must be approved by the Main Board.
- (g) Certain transactions are subject to specific Managing Public Money rules, and require approval from DfE, and possibly HMT, such as:
 - a. Special Severance payments (see section 9.11)
 - b. Senior pay (see section 9.4)
 - c. Compensation payments (see section 8.6)
 - d. Ex Gratia payments (see section 9.15)
 - e. Write-offs (section 8.5)
 - f. Novel, contentious and repercussive transactions (section 6.8)
 - g. Indemnities, guarantees and letters of comfort (section 10.9)

5.2. Procurement, Contracting and Purchasing

Procurement

- 5.2.1 The College has a Procurement Strategy, procurement processes and procedures designed to ensure legal compliance, demonstrable value-for-money and alignment to the College Strategy. These are outlined on the Procurement Intranet or are available from Procurement.
- 5.2.2 Where active contracts are published on the Procurement Intranet or otherwise advised within the College, all employees are responsible for ensuring compliance with those instructions.

Procurement Processes and Contracts

- 5.2.3 Up-to-date procurement processes and procedures for all levels of spend can be found on the Procurement Intranet (or are available from Procurement). It is the Procurement Manager who will agree Procurement Processes and Procedures with Executive Director of Finance and Funding.
- 5.2.4 The Procurement Manager will maintain and update the Procurement Intranet from time-to-time. It is the responsibility of all staff to ensure they are familiar with processes and procedures before incurring any expenditure.
- 5.2.5 Award of all contracts (irrespective of the total cost) will be based on the Most Advantageous Tender principle. Procurement will work with Budget Managers to obtain the relevant approvals for each stage of the procurement process for all annual spend over £20,000.
- 5.2.6 Broadly, the following procurement requirements are to be met except where special rules have been imposed by funding bodies:

Value of Purchase (inc. VAT)	Requirement
Up to £5,000	The Budget Manager must be able to demonstrate that they have fulfilled 5.2.7 (below).
£5,000-£50,000	Up to £20,000: at least three quotes unless there is a justifiable reason for 'direct award' to a supplier, in which case a Single Supplier Form must be completed and agreed in conjunction with Procurement. Over £20,000; Contact Procurement. A Procurement Strategy will be prepared and agreed with the Budget Manager and the relevant member of SLT. (This may involve some form of tender process).

	An Authority to Award will be produced to enable the approval to award any contracts.
Over £50,000	Contact Procurement. A Procurement Strategy will be prepared and agreed with the Budget Manager and the relevant member of SLT. (This is more likely to involve some form of tender process). An Authority to Award will be produced to enable the approval to award any contracts.
Over £250,000	A project proposal must be prepared alongside the procurement strategy. This should be reviewed by SLT, approved by the Executive team and approved by Finance and Resources committee.
Over £1.5m	As above, with the addition that the project proposal must be approved by Main Board.
Public Contract Regulations 2015 limit / Procurement Act 2023	Where the total cumulative value of the contract exceeds the amount stipulated in the Public Contract Regulations 2015 / Procurement Act 2023, Procurement must be contacted sufficiently early in the process by the Budget Manager to enable a Procurement Strategy and (very likely) a compliant tender to be undertaken.
<p>Note</p> <p>The value of a contract is the aggregate of all payments due under that contract.</p> <p>If the requirement is ongoing, a period of 48 months is to be used to calculate the value.</p> <p>For the avoidance of doubt this means that if a contract is:</p> <ul style="list-style-type: none"> • awarded for a term of up to 5 years the value of the contract is 5 times the annual cost. • always needed at £1,000 a year, the value is £4,000. <p>Disaggregation of any costs of the provision of goods, services or works is NOT allowed.</p>	

5.2.7 A Procurement Strategy will determine and agree the course of action to take to as the route to market to procure the goods, services or works in question. Courses of action typically include:

- Tendering to the open market
- Utilising a purchasing consortia framework (such as SUPC, CPC or CCS)
- Obtaining quotes
- Direct award (and so completion of a Single Supplier Form).

Procurement Strategies also agree any evaluation criteria to be used to determine the suitability of any suppliers that bid for tender opportunities.

- 5.2.8 Any Single Supplier Forms will be reported to the next meeting of the Audit Committee.
- 5.2.9 A Project Proposal will outline the case for the project to go ahead, and will include the following cases:
- The Strategic case
 - The Economic case
 - The Financial case
 - The Commercial case
 - The Project Management case
- 5.2.10 The College requires all procurement activities, irrespective of the source of funds, value of purchase or route to market, to obtain goods, services and works at the most advantageous total cost that satisfies their requirement and considers the College's Strategy, with particular attention to its requirements towards Health and Safety, Sustainability, Equality Diversity & Inclusion and Data Protection.

Purchase Orders and Vendor Maintenance

The College has an electronic system for the effective and legal procurement of goods and services. Purchase Orders are raised via this system after a supplier has been selected in compliance with procurement processes.

- 5.2.8 All expenditure must be properly procured and authorised before it is incurred, and checked that it is within pre-authorised budget limits.
- 5.2.9 Purchase Orders should be raised in advance of the delivery of all goods, services and works so that the supplier(s) can provide the Purchase Order number on their invoices and to help protect the College's legal relationship with suppliers.
- 5.2.10 Purchase Orders must not be split into part orders to avoid these Regulations.
- 5.2.11 Vendors within the electronic purchase order system are maintained by Finance and the Finance Manager.
- 5.2.12 Staff may request new vendors to be set up in the purchase order system by using the New Vendor Form made available by Finance or Procurement.
- (a) New vendors require financial checks to be performed by Finance and relevant authorisation before activation.
 - (b) No commitments are to be made by any employee to a potential new vendor prior to the final set up of that new vendor.
- 5.2.13 Finance will from time-to-time review vendors in the system for inactivity and may remove them from the purchase order system if they are inactive. Should

vendors subsequently then be required by an employee, a New Vendor Form will be required.

5.2.14 Amendments to vendors details should be requested via use of the New Vendor Form.

5.2.15 Employees should use the electronic purchase order system to a high standard:

- (a) Values of purchase orders should be accurate and must not be disaggregated to avoid any regulations.
- (b) Descriptions of goods, services or works should be useful descriptions of the relevant acquisition.
- (c) Raise purchase orders in advance of goods, services or works being received.
- (d) Receipt purchase orders accurately and in a timely fashion to avoid unnecessary delays to paying suppliers.

5.2.16 Purchase Orders are usually raised as the commitment to purchase goods, services or works and as such no commitment to any purchase is to be made prior to the final approval and issue of a purchase order.

5.2.17 Invoices within a 10% variance, up to a maximum of £100, of the original order, when certified by the appropriately authorised Budget Manager, will render an invoice as valid for payment. Variances outside the above limits will require the matter to be brought to the attention of the Finance Manager before being passed for payment.

5.2.18 The Finance Manager is responsible for maintaining the details of those authorised to requisition and the Authorising Officers, and for ensuring that relevant specimen signatures are held securely by the Finance Office. The Finance Manager must be notified immediately of any request to change authorisations, which, if deemed necessary, will be considered for approval by the member of the SLT responsible for that area.

5.2.19 The College's payment terms are 30 days from the receipt of a correct and undisputed invoice. Deviations from this need should not be agreed to without the express permission of Finance or Procurement.

Contract Management

5.2.20 Responsibility for overall contract management of suppliers:

- (a) under £20,000 value suppliers, Budget Managers and their delegated managers are required to manage suppliers directly. It is their responsibility to inform Procurement of any major developments with suppliers impacting the College's relationship with them (e.g. financial difficulties, takeovers) or breaches of College policy (e.g. H&S).
- (b) Over £20,000 value suppliers, Procurement will assist with (or lead by agreement) contract management of suppliers with a value of over £20,000.

5.2.21 Contract Management should consider:

- (a) the supplier's adherence to College policies, such as (but not limited to) Health & Safety, Safeguarding and Environment.
- (b) the supplier's adherence to any agreement(s) in place, including (but not limited to) Service Level performance, invoicing, innovations and opportunities to reduce costs.
- (c) Expenditure, to ensure it is within the expected values.
- (d) (if applicable) Performance Improvement.

5.2.22 Underperforming suppliers can have performance warnings issued and ultimately (if required) contracts terminated. For all over £20,000 supplier's, Procurement will issue such notifications.

General Procurement

5.2.23 Procurement's focus is suppliers with a spend value over £20,000 a year and will work pro-actively with Budget Managers and other stakeholders in relation to those suppliers. However, Procurement can provide assistance or step into lead with any supplier regardless of the value of the goods, services or works if the circumstances warrant it.

5.2.24 All procurement activity from all staff will be ethical and conducted fairly and transparently. Procurement will comply with the letter and spirit of the *CIPS Code of Conduct*. Section 11, Probity, should be referred to.

5.2.25 All contractual and commercial information or documents are to be treated as confidential. Documents are to be held and/or disposed of (in line with any College retention policy) securely.

5.2.26 It is not usual practice for the College to provide or allow suppliers to use the College logo or any case studies for their own marketing purposes. Any

such use must be agreed in writing with the Delegated Authority and Procurement.

5.2.27 No hire purchase or leasing arrangement shall be entered into without the prior approval in writing of the Principal. (See 6.5).

5.2.28 Procurement are responsible for maintaining a central contract database of supplier contracts, and for holding electronic contractual documents in a secure repository. This can be for any contracts entered into with a supplier, but typically will be for those with a value in excess of £20,000 a year or those of high risk or critical importance to the College.

5.2.29 Procurement will monitor the end dates of contracts to ensure that a timely procurement strategy is put in place to ensure continuity of service under contract.

5.2.30 Complaints about procurement processes or procedures should be made to the Procurement Manager and any escalation to the Executive Director for Finance and Funding.

5.3. Capital Expenditure

5.3.1 Estimates for Capital Expenditure are to be drawn up annually and approved by the Corporation. For the purposes of these Regulations, Capital Expenditure is defined as:

- a) The purchase or leasing of land and buildings, new constructions and extensions of, and alterations to, buildings. These are categorised as:
 - i. Minor Works <£1.5m; and
 - ii. Higher Value projects >£1.5m.
- b) The purchase of any other individual fixed assets over £1,000, or a scheme that includes multiple assets valued individually less than £1,000 but collectively over £1,000 (for example 10 computers at £500 each) and having an expected life of more than one year.

5.3.2 These Estimates shall show:

- a) a realistic programme of capital expenditure for such years as may be specified;
- b) the order of priority to be given to the various projects;
- c) The implications of the various projects on the annual revenue estimates.

5.3.3 **Capital Project**

A Capital Project is defined as a scheme that has been systematically planned and has a clearly defined outcome, which has been approved by the SLT or

Board of Governors, and is included in the Capital Estimates. Each Capital Project will normally include a contingency that has been identified in the approval mechanism.

5.3.4 Project Boards

For significant capital projects a 'Project Board' will be established, including a member of the Finance Department, to assist the Authorised Officer/Project Manager.

5.3.5 Procurement

All Procurement activity and award of contracts will take place as per section 5.

5.3.6 Variations

All variations to a capital project are subject to the provisions set out in the contract and must be formally approved as set out below. Where the cost of a variation requires the use of some or all of the general contingency for the project the limits for approval of such variations are as follows:

- a) Senior Post Holder (other than the Principal) - Within the value of any general contingency provided up to a limit of £50,000.
- b) Principal - Within the value of any general contingency.

5.3.7 Overspend

The Principal must approve any variation that is likely to overspend the approved value of the project including any general contingency provided for. This power may be delegated if appropriate. If the projected overspend is likely to impact significantly on the overall budget of the College, the Principal will seek approval from the Corporation.

5.3.8 Capital expenditure from Revenue Budgets

During the budget setting process items may be identified that would be treated as capital in nature. If they are approved they will be assigned a specific budget code. When they are purchased they must be appropriately coded on the requisition through the EPO system and will be subject to the usual purchasing procedures.

5.4. Payment of Accounts

- 5.4.1 The Executive Director of Finance and Funding shall be responsible for the prompt payment of all accounts and valid claims.
- 5.4.2 The Finance Manager shall be responsible for designing and maintaining a system for the verification, recording and payment of all amounts payable by the Corporation. The system shall provide that:
- a) Goods, work done or services have been duly received, examined and are in accordance with the order or specification and that prices charged are correct. Where appropriate goods and services are to be receipted against orders on the Purchase to Pay system which will assist in prompt payment of all accounts.
 - b) The expenditure is in accordance with regulations and that all necessary authorisations have been obtained. In particular, that purchases have not been split into part orders to avoid breaching the provisions of Section 5.2 of these Regulations.
 - c) The account is arithmetically correct, and all discounts where appropriate have been taken.
 - d) The account has not been previously passed for payment and is a proper liability of the Corporation.
- 5.4.3 Budget Managers and other authorised signatories must apply diligence in complying with the requirements of this system.

5.5. Petty Cash

- 5.3.1 The Financial Procedures prescribe the routines, security, authority and accountability for making petty cash disbursements. The Finance manager shall make available to departments such floats as are considered necessary for the disbursement of petty cash expenses.
- 5.3.2 Requisitions for reimbursement must be sent to the Finance Department, together with appropriate receipts or vouchers, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.
- 5.3.3 The member of staff granted a float is personally responsible for its safekeeping. 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 Executive Director of Finance and Funding, head of department or another person nominated by him or her, or internal audit.

5.3.4 At the end of the financial year a certificate of the balances held is to be completed by the member of staff responsible for the float and counter signed by the appropriate authorised manager.

5.3.5 No unauthorised cash balances or floats are to be kept at sites or in Departments and any known instances are to be reported immediately to the Finance Manager for investigation.

6. ACCOUNTS AND FINANCE

6.1. Banking Arrangements

6.1.1 The Executive Director of Finance and Funding shall be responsible for the operation of all matters in relation to the bank account of the College. No one other than the Executive Director of Finance and Funding shall either open or close any bank account in the name of the College or any of its subsidiary undertakings.

6.1.2 Bank accounts may only be opened with the authorisation of the Corporation with the exception set out in 6.1.3 below. All bank accounts shall be in the name of the College or one of its subsidiary undertakings.

6.1.3 From time to time learner activities take place, which may require a bank account to be opened for this specific purpose. In such cases authorisation must be obtained from the Executive Director of Finance and Funding and reported to the Corporation. The Finance Manager shall be responsible for monitoring the account and ensuring that it is closed when no longer required.

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

6.1.5 The following roles within the organisation shall be authorised signatories on the bank mandate:

- i. CEO & Acting Principal
- ii. Executive Director of Finance and Funding
- iii. Finance Manager
- iv. Finance team leader
- v. Management Accountant
- vi. Finance business partners
- vii. External Income Officer

6.1.6 Changes to the approved signatory list for all bank accounts require the specific approval of the Principal, and authorisation by the Corporation.

6.1.7 The Finance and Resources Committee is responsible for recommending to the Corporation a treasury management policy statement setting out the College's strategy and policies for cash management, long term investments

and borrowings. The Finance and Resources Committee has a responsibility to ensure implementation, monitoring and review of such policies.

6.1.8 The Executive Director of Finance and Funding will report to the Finance and Resources Committee on a regular basis on the activities of the treasury management operation and on the exercise of treasury management powers delegated.

6.2. Accounts and Financial Management

6.2.1 The Corporation shall keep proper accounts and accounting records and shall prepare in respect of each financial year a statement of accounts.

6.3. Annual Accounts and Records

6.3.1 The Corporation shall provide the Education and Skills Funding Agency with audited accounts for the financial year as determined in the Financial Memorandum. The accounts shall be signed by the Principal and by the Chairman or one other member of the Board as appointed for this purpose by the Board. The Corporation shall make reasonable arrangements to make copies of the accounts publicly available.

6.3.2 In preparing such statements, proper regard shall be made to any standard accounting practices or Statements of Recommended Practice relevant to the Corporation. The Education and Skills Funding Agency and the Office for Students may make such requirements as it thinks fit from time to time as to the information to be contained in the accounts, the manner in which they are to be presented and the methods and principles according to which they are to be prepared.

6.3.3 Records should be kept for a period of six years, or in accordance with the conditions attached to a specific grant from the end of the financial year in which they occur, for the purpose of audit and other external regulations. Records should not be kept for longer than the legally required period. The College follows the JISC retention policy for all of its documents.

6.4. Investment of Funds

The Principal, as Chief Accounting Officer, has overall responsibility for ensuring that the Corporation's bank balance is managed as follows:

- 6.4.1 In accordance with the requirements placed upon the Corporation by the ESFA and other external bodies with legitimate powers.
- 6.4.2 In keeping with statutory requirements and good accounting practice.
- 6.4.3 With the objective of maximising the return on investment and minimising the cost of borrowing.
- 6.4.4 The Executive Director of Finance and Funding shall be responsible to the Principal for the investment of all funds and surplus working balances of the College in accordance with this policy. The Executive Director of Finance and Funding is also responsible for ensuring that such investments are not under undue risk; and that an investment return is certain.

6.5. Borrowing and Leasing (Other than Land and Buildings)

- 6.5.1 All new borrowing entered into by the College must be compliant with the Managing Public Money rules. These regulations put significant restrictions on the College to borrow money commercially. These restrictions extend to overdraft facilities, but not finance leases.
- 6.5.2 Any new borrowing arrangements will be subject to Managing Public Money rules and the College is required to obtain written consent from DfE in advance of committing to any new arrangements.
- 6.5.3 The Executive Director of Finance and Funding shall be responsible for ensuring that the Corporation's overdraft facility is compliant with Managing Public Money regulations, is adequate and not exceeded.
- 6.5.4 The College will comply with the Financial Memorandum and other statutory requirements in relation to borrowing.
- 6.5.5 The College will not enter any financial arrangements that will impair its financial viability. All projects for which borrowing is proposed will realise an appropriate rate of return, taking account of both revenue savings and generated income. An appropriate risk analysis will be undertaken and presented to the Board.
- 6.5.6 Equipment should be leased only after a full assessment of alternatives has been carried out by the Executive Director of Finance and Funding and it is demonstrated that this method of finance provides the best value for money.
- 6.5.7 No hire purchase or leasing arrangement shall be entered into without the prior approval in writing of the Principal.

6.5.8 Any hire purchase or leasing arrangement shall be subject to the competitive process set out in section 5. For the purposes of the competitive process the value of the transaction shall be calculated as being the total amount payable to the supplier over the life of the lease.

6.6. Acquisition and Disposal of Assets (including Leasing Land and Buildings)

Transactions involving land and buildings

6.6.1 The Corporation shall keep its holdings of land or buildings under review with the objective of rationalising and disposing of those which are no longer needed. The detailed requirements of the Education and Skills Funding Agency concerning acquisition and disposal of land and buildings are set out in the Financial Memorandum.

6.6.2 The ESFA requires the College to properly manage and develop its property with regard to good practice in the further education sector and ensure that it maintains premises which are properly equipped in order to deliver the education and training for which it is funded by the Chief Executive of the Education and Skills Funding Agency

6.6.3 Where the College proposes to dispose of, or lease or rent land and/or buildings which have been acquired, developed, and/or refurbished or modernised with assistance from capital grants from the Education and Skills Funding Agency and predecessor bodies, the agency should be notified in writing of such intended transactions.

Asset disposals

6.6.4 All asset disposals must be made in line with the Asset Disposals Policy. Before any Corporation Assets are disposed of, whether or not consideration is received, a list of the items must be circulated to all Budget Managers in order to ascertain whether the items could be used elsewhere within the Corporation. Consideration must be given to the Corporation's legal liabilities when disposing of equipment.

6.6.5 The approval of the Executive Director of Finance and Funding is to be obtained where disposal is to be made to a member of staff. An appropriate market value must be obtained for the asset at the date of disposal to ensure that no benefit in kind is given to the employee.

6.6.6 For disposals of assets where the estimated sale value is expected to be in excess of £5,000 refer to the section in these financial regulations for contracting and purchasing in relation to the number of quotes or tenders that should be sought.

6.6.7 For detailed definition of assets and the 'de minimis' level imposed by these regulations, staff should refer to the Financial Procedures.

6.6.8 Where land, buildings and significant assets funded or part-funded by Exchequer funding are disposed of, the College will obtain the appropriate consent from the Education and Skills Funding Agency, or other grant awarding body, to retain or repay funds.

6.6.9 Under Managing Public Money rules, the College is required to ringfence the proceeds of asset sales for reinvestment in capital assets.

6.7. Internal and External Audit

6.7.1 The external auditors, internal audit, National Audit Office auditors, ESFA auditors and any other appropriately authorised auditors have authority to:

- a) access the College premises at reasonable times;
- b) access all asset records, documents and correspondence relating to any financial and other transactions of the College;
- c) require and receive such explanations as are necessary concerning any matter under examination;
- d) require College managers and staff to account for any cash, stores or any other College property under his/her control;
- e) access records belonging to third parties, such as contractors when required.

6.7.2 The Principal shall notify the Internal Auditors immediately of any identified or suspected significant fraud or other irregularities. He/she shall also submit a report to the Board.

6.7.3 The Audit Committee must be informed of all non-audit work undertaken by the College's audit providers. Such work, without prior Board approval, is subject to a maximum limit in any one financial year as set out in the Joint Audit Code of Practice. The Committee must ensure that there is no cause for concern in relation to the providers' objectivity, independence or their ability to achieve audit plans.

6.7.4 The audit committee will consider the re-appointment of incumbent auditors on an annual basis.

6.7.5 External audit services will be re-tendered a minimum every five years, or earlier at the discretion of the audit committee.

6.8 Novel, contentious and repercussive transactions

- 6.8.1 Novel transactions are those of which the College has no experience or are outside its range of normal business. Contentious transactions are those that might cause criticism of the corporation by Parliament, the public or the media. Repercussive transactions are those likely to cause pressure on other Colleges or other parts of the public sector to take a similar approach and hence have wider financial implications.
- 6.8.2 The College must obtain prior approval from DfE to undertake any novel, contentious or repercussive transactions, and DfE will refer to HMT for final consent.

7. **INSURANCE**

- 7.1. The Executive Director of Finance and Funding shall effect all appropriate insurance cover for the Corporation, negotiate all claims and maintain records of all insurances effected by the Corporation and the property and risk covered. Departments are not permitted to effect insurance cover without the prior approval of the Executive Director of Finance and Funding. A report on insurance is to be submitted to the SLT on a regular basis.
- 7.2. The Executive Director of Finance and Funding shall notify the insurance brokers, without delay, of any loss, liability or damage likely to lead to a claim.
- 7.3. The Executive Director of Finance and Funding shall regularly review all insurances in consultation with the Director of Estates, Facilities and IT, and other relevant officers as appropriate.

8. **SECURITY OF CORPORATION PROPERTY**

8.1. Security of Corporation Property

- 8.1.1 All monies received within departments from whatever source must be recorded by the department on a daily basis together with the form in which they were received. All monies received must be paid to the Cashier promptly, and in accordance with a timetable prescribed by the Finance Manager. All Receipt books or other means of formally acknowledging or recording amounts received or receivable, shall be in a form approved by the Executive Director of Finance and Funding, and in a controlled and secure manner.
- 8.1.2 All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenses, in particular educational trips, or be paid into any departmental petty cash floats.
- 8.1.3 The opening of coin operated machines shall be carried out by a responsible officer as regularly as occasion demands.
- 8.1.4 All monies received shall be kept secure and safeguarded and paid over intact daily to the Cashier in the Finance Office. All custody of cash holdings must

comply with the requirements of the College's insurers. The Finance Manager shall prescribe the system for the storing and transporting of cash and other securities.

- 8.1.5 Any unused cheques and other orders shall be subject to the same precautions as are applied to cash.
- 8.1.6 Any material loss or shortfall of cash, cheques or other negotiable instruments, shall be reported to the Executive Director of Finance and Funding who will notify the Principal without delay. (See section 8.4 for reporting losses).

8.2. Security of Assets

- 8.2.1 It will be the responsibility of each Budget Manager to ensure that proper security is maintained at all times for all buildings, furniture, equipment, stocks, stores etc., under their control.
- 8.2.2 The Finance Manager will ensure that suitable safe facilities are available for holding valuable items, that financial limits are set as appropriate and will undertake periodic checks to ensure they are not breached.
- 8.2.3 Whilst each employee has a responsibility for the security of the property of the Corporation, it is the responsibility of Budget Managers to apply routine security practice in relation to Corporation property held in their departments or functions. Corporation property shall not be removed without the express written permission of the appropriate Line Manager. Any breach of agreed security practices shall be reported to the Finance Manager.
- 8.2.4 The Finance Manager shall define such items of equipment to be controlled, and wherever practicable, these should be clearly marked as Corporation property.
- 8.2.5 Items on the Fixed Assets Register shall be subject to periodic verification in preparation for end of year external audit by a designated officer and any discrepancies shall be reported to the Executive Director of Finance and Funding.
- 8.2.6 Any material damage to the Corporation's premises, vehicles or equipment or loss of equipment or supplies shall be reported by staff members first to their appropriate Supervising Officer, who shall inform the Director of Estates, Facilities and IT and an incident report should be completed as soon as is practicable. (See section 8.4)

8.3. Stocks

- 8.3.1 The Finance Manager shall be responsible for ensuring that Budget Managers maintain the custody and physical control of the Corporation's stocks. Stocks must not be carried in excess of reasonable requirements. Stock records shall be maintained in a form that meets the approval of both internal and external auditors.
- 8.3.2 Any significant variation arising from any stock taking shall be reported immediately to the Finance Manager, who will bring any significant differences to the attention of the Executive Director of Finance and Funding or the Principal as appropriate. In any one year the following officers shall be empowered to approve the write-off of deficiencies or other necessary adjustments to stock records:
- (a) Not exceeding £1,000 – Finance Manager
 - (b) £1,000 - £5,000 – Executive Director of Finance and Funding
 - (c) In excess of £5,000 – the Principal. Significant items shall be referred to the Audit Committee.
- 8.3.3 All goods received shall be checked as regards quantity and inspected as to quality and specification and a record made of acceptance or otherwise.
- 8.3.4 Stocktaking arrangements shall be specified by the Finance Manager in consultation with Budget Managers and there shall be a physical check on all items in stock at least once a year.

8.4. Losses and Damage

- 8.4.1 Any employee discovering or suspecting a loss must inform his/her Line Manager in the first instance. The Manager shall inform the appropriate officer if the cause of the loss is not immediately recognisable or no recovery made. Where a criminal offence is suspected, the Manager in consultation with the Executive Director of Finance and Funding shall decide at what stage the Police shall be involved. In general, the Police should be involved immediately where theft or arson is suspected.
- 8.4.2 The Principal shall inform the ESFA and the Board, without delay, of all losses caused by serious weaknesses involving a breakdown in financial or other controls. This will also apply to significant fraud (see section 11 below).
- 8.4.3 The Finance Manager shall maintain a Loss Register recording the loss of the material item, circumstances, monetary equivalent and the appropriate action taken. The losses register shall be made available for review by the Audit Committee.

8.5. Bad Debts

- 8.5.1 The Executive Director of Finance and Funding is responsible for ensuring that debtors are monitored and that a bi-annual report is presented to the Finance and Resources Committee.
- 8.5.2 Significant bad debts relating to income properly due to the Corporation must be brought to the attention of the Principal as soon as possible.
- 8.5.3 The Finance Manager is authorised to approve the write-off of individual bad debts up to the value of £1,000. The Executive Director of Finance and Funding is authorised to approve the write-off of individual bad debts up to the value of £5,000. The Principal is authorised to write-off amounts between £5,000 and £45,000. Bad debts above this value must be reported to the Finance and Resources Committee for appropriate action.
- 8.5.4 Write offs in excess of £45,000 or 1% of College Turnover individual, or 5% of annual income cumulatively (subject to a £250k ceiling) must be approved by the DfE.

8.6. Compensation payments

- 8.6.1 Compensation payments provide redress for loss or injury, for example personal injuries, accidents or damage to property. Compensation payments must be approved by the Principal and the decision must be based upon a careful appraisal, including legal advice where relevant, and ensure value for money.
- 8.6.2 The College has delegated authority to make individual payments under £50k. any payment in excess of this must be approved by DfE.

9. PAYMENT OF SALARIES, SEVERENCE, PENSIONS AND ALLOWANCES

- 9.1 The Staffing Panel should meet sufficiently regularly to meet business needs to review all staffing proposals i.e. proposals to recruit any role whether like for like replacement in budget or new roles outside of budget; as well as all staffing re-grades; salary allowances/honoraria requests. The staffing panel shall have its own terms of reference regarding membership. All approvals made by the panel are sent to SLT for ratification.
- 9.2 In terminating contracts of employment by agreement, including premature retirement, the College is required to demonstrate that payments are regular, secure value for money and are affordable. The Director of HR and Organisational Development should agree such terminations with the Principal in advance of written confirmation being given.
- 9.3 In the case of Senior Post Holders, the Remuneration Committee shall oversee negotiations. The outcome of negotiations shall be reported to the Board and all settlements shall be brought to the attention of the External Auditors.

- 9.4 The College is subject to HMT's senior pay controls. The Chief Secretary to the Treasury (CST) must approve the remuneration where an appointment will attract:
- Total remuneration at or above the defined threshold of £150,000, or the pro-rata equivalent for part-time staff, or
 - Performance related pay ('bonus') arrangements that exceed the threshold of £17,500
- 9.5 All time sheets and other pay or claim documents shall have the approved authorisations. All casual hours work, overtime and other payroll costs claimed must be authorised in advance of commitment and checked that they are within budget or approved by Staffing Panel.
- 9.6 Each employee shall be issued with a contract or letter of employment which shall comply with current employment legislation.
- 9.7 The Principal shall be responsible for the final determination of pay, within a framework set by the Corporation. The rate of pay and conditions of service shall be in accordance with current agreements.
- 9.8 Contractual salary payments should be made in line with the relevant contract of employment. All employees shall be paid by bank credit transfer.
- 9.9 All claims made for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Executive Director of Finance and Funding. Claims must only be for legitimate College business, ensure value for money and be supported by receipts. All journeys must be justified and claims in accordance with the approved schedule of rates.
- 9.10 Pay claims by members of staff must be appropriately certified and signed by the SLT line manager. Or in the case of the Principal, by the Chair of the Board of Governors, or clerk, where this has been delegated.

Claims by members of the Board may be certified by the Clerk on the delegated authority of the Chair. Claims by the Chair of the Board should be certified by the Vice-Chair.

SEVERANCE AND EX-GRATIA PAYMENTS

- 9.11 Special Severance payments (being payments that are discretionary and additional to those arising from statutory and contractual redundancy or severance terms) are subject to Managing Public Money rules. Such payments should only be made in exceptional cases where there is clear, evidenced justification for doing so and where all relevant internal policies and procedures have been followed, and all alternative actions have been fully explored and documented.
- 9.12 Special severance payments must be approved by the Principal, or in the case of senior post holders, approved by the remuneration committee. Under Managing Public Money rules, the College has delegated authority to approve individual special

severance payments under £50k, or under 3 months salary, whichever is lower. Beyond this, DfE approval is required. Furthermore, any proposed payments of whatever value that are linked to a non-disclosure agreement will also require DfE approval and where supported will be referred to HMT for final consent.

9.13 In accordance with the Guidance on Public Sector Exit Payments, the College must obtain prior DfE approval before making special staff severance payments where:

- An exit package which includes a special severance payment is at, or above £100,000, and/or
- The employee earns over £150,000

9.14 Any special severance payment that is novel, contentious or repercussive of whatever value must be referred to DfE for approval and, where supported will be referred to HMT for final consent.

9.15 Ex-Gratia payments (being any other type of transaction going beyond statutory or contractual cover, or administrative rules) must always be approved by the DfE, whatever the amount.

10. OTHER

10.1 Learner Records and Funding Performance

10.1.1 The Director of MIS is responsible for the timely and accurate reporting of key learner number and funding performance. These reports will include appropriate comparatives and projections. They will be considered by the Board on a regular basis.

10.1.2 The SLT is responsible for ensuring that ESFA and WECA audit evidence and other funding requirements are considered and met.

10.1.3 Staff are responsible for complying with College procedures relating to student records and ensuring the integrity and security of audit evidence for funding claims such as registers and enrolment forms. Staff must ensure that all learners complete an accurate enrolment form, and that learners' attendance is accurately recorded on College registers; staff must ensure that changes in the learning programmes of learners are recorded.

10.2 Subcontracted Delivery

10.2.1 All subcontracted delivery will be subject to appropriate controls in accordance with the latest funding agency requirements.

10.2.2 The Board shall determine arrangements for the approval and annual re-approval of subcontracting, including a generic contract to be used. The College will adopt the extant model form of contract published by the ESFA or a contract template from a suitably qualified professional organisation as the basis of a generic contract. Authority to sign contracts will be formally delegated to the Principal with the provision that a contract shall not be signed unless the subcontractor has cleared the due diligence protocol. Provision must not commence until a signed contract and suitable arrangements are in place.

10.2.3 Compliance audits, including checks on attendance records, will take place on a systematic and documented basis.

10.2.4 Suitable reports on subcontracting will be submitted to the Board and College management. The Board will consider an annual report on subcontracting including details on activity, key financial and operational information, and, where appropriate, future plans.

10.3 New Ventures

10.3.1 All substantial arrangements entered into for business purposes whether extending the College's provision or of a commercial nature must be approved by the Board on the basis of a full business plan. These arrangements should be subject to annual reports to the Board with more regular reporting where there are high risk factors such as heavy reliance upon third parties, activity distant from the main campuses, or involvement in the provision of non-educational goods or services.

10.3.2 A full risk analysis must be undertaken. This should assess significant risks and identify actions to manage these risks, including exit strategies where appropriate.

10.4 College Companies and Joint Ventures

10.4.1 In certain circumstances it may be advantageous to the College to establish a company or joint venture to undertake services on its behalf. The Board is responsible for approving the establishment of companies and joint ventures and the procedure to be followed in order to do so. The process involved in forming a company, including the need to take appropriate legal advice, and arrangements for monitoring and reporting on the activities of subsidiary undertakings are documented in the College's financial procedures. A memorandum of understanding must be drawn up between the College and each subsidiary undertaking.

10.4.2 Companies will be operated as wholly owned subsidiaries with Boards of Directors drawn from the College Board and/or the SLT as appropriate.

10.4.3 College companies may not do anything outside the scope of the permitted activities of the College itself.

10.4.4 Where the College proposes to acquire ownership of an existing company, a full due diligence study must be undertaken and its results considered by Board prior to the decision to proceed with the acquisition.

10.4.5 ESFA funds must not be used to fund or subsidise private trading ventures, either through direct transfers of cash or indirect funding or subsidy arrangements such as granting a College subsidiary 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.

10.4.6 The directors of companies where the College is the majority shareholder must submit, via the Finance and Resources Committee, an annual report to the Board.

10.5 Overseas Operations

10.5.1 The extent of overseas operations by the College is limited. However, where the College exceptionally enters into overseas operations, it is essential that there are robust arrangements in place to plan, manage and control them.

10.5.2 These arrangements should include:

- a) Developing a strategy for overseas activities that is within its powers. The strategy will, among other things, demonstrate how the number and range of overseas ventures fit with the College's legal powers and educational aims. The strategy should be approved specifically by the Board and informed by an analysis of the financial implications of such activity.
- b) Thorough business planning for all new overseas operations before deciding whether to proceed. In particular, the College will undertake market research to forecast accurately the likely demand for the particular activity being considered. All costs should be included in the cost benefit and/or investment appraisal analysis for changes in key variables.
- c) Demonstrating that it has not used public funds intended for the support of teaching activity within England to finance the development of overseas activities, or to offset any losses which may arise as a result of such overseas activities. In particular, the College's management accounts shall enable it to demonstrate the cost recovery and net operating surplus or deficit of overseas operations. Such accounts should include an appropriate allocation of overheads to overseas activities.

- d) Adequate systems for controlling the College's assets, including those used on overseas activities.
- e) The application of quality assurance arrangements to any overseas activities which are of the same standard as those that exist for other elements of the College's activity.
- f) As an education provider requiring to teach international students the college will maintain a UKBA T4 sponsor licence in order be listed on the register of Tier 4 sponsors.

10.6 Overseas Travel

10.6.1 All overseas visits funded or sponsored by the College must have clear written objectives, and a copy of these must be logged centrally within the Principal's office.

10.6.2 Such overseas visits should be approved in writing before booking:

Visit by:	Approved in advance by:
Chair of the Board	Full resolution of the Finance and Resources Committee
Principal or Board member	Chair of the Board
SLT and College Leadership Team	Principal
Other managers and staff	Senior Post holder

10.6.3 The organisers must ensure that adequate insurance arrangements are in place.

10.6.4 Where an overseas trip includes a member of the SLT a full report of the outcome of the visit, matched against objectives, future plans (if relevant) and full costs associated with the visit, must be submitted to the Principal or nominated person.

10.6.5 Expenses reimbursed during overseas visits should be in accordance with the College's agreed rates and associated guidelines. Any foreign currency advances or floats expended will require a full set of receipts.

10.6.6 Expenses should be reasonable and arrangements made to secure value-for-money.

10.7 Risk Management

10.7.1 The College will operate a robust risk management process including:

- a) Identification and assessment of risks
- b) Management of risks

10.7.2 This process should accord with the Risk Management Policy adopted by the Board.

10.7.3 The Board should receive reports on the most significant risks on a regular basis – at least termly.

10.8 Students' Union

10.8.1 The Board has determined that there shall be a Students' Union and decided that its funding should be managed by the Director of Foundation Learning and Skills.

10.8.2 The Director of Foundation Learning and Skills is to submit a budget plan for the Student Union annually for approval as part of the budget setting process.

10.9 Indemnities, guarantees and letters of comfort

10.9.1 The College should not be entering into liabilities without explicit parliamentary authority, other than those arising in the normal course of business. Commercial contracts which include indemnity clauses are not restricted.

10.9.2 Beyond 10.9.1 above, DfE consent is required in respect of indemnities beyond the normal course of business, guarantees and letters of comfort in excess of:

- 1% of annual income, or £45k (whichever is smaller); or
- 5% of annual income cumulatively (subject to a cumulative ceiling of £250k)

11 PROBITY

The objective of the policies in section 11 is to ensure that highest standards of probity and conduct are adhered to, enabling adherence to the highest principles and ideals. No individual, whether they are a board member, committee member, or an employee should gain any inappropriate benefit from their association with the corporation. Systems of best practice are in place to avoid situations which might create a real or perceived conflict of interest between their personal interests and their duties to the corporation.

The policies in this section demonstrate honesty, integrity and high ethical standards of personal and professional conduct ensuring transparency fairness.

The Board, together with the SLT seeks to create a culture that gives colleagues the confidence to be open, or voice their concerns or complaints, about breaches of this Policy, dishonesty, fraud, bribery or any kind of maladministration. To help with this, we have put in place a Whistleblowing Policy.

11.1 Fraud

11.1.1 This Section should be read alongside the Counter Fraud Policy and Policy and Procedures for exposing to scrutiny wrong or inappropriate behaviour by Officers or Governors of the College (also known as the Whistleblowing Policy).

11.1.2 Definitions

Fraud

The intentional distortion of financial statements or other records by a person or persons, internal or external to the organisation, which is carried out to conceal the misappropriation of assets or otherwise for gain.

Corruption

The offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person.

11.1.3 The Board is responsible for ensuring the establishment and maintenance of an adequate system of internal control that include controls for the prevention and detection of irregularities and fraud.

11.1.4 If a member of staff suspects that fraud may be being attempted, is occurring or has occurred he/she should immediately notify the Executive Director of Finance and Funding, who will consult with the Principal as appropriate. The member of staff should not discuss the matter with anybody else unless formally instructed to do so. If the Executive Director of Finance and Funding is suspected of fraud the Principal should be notified. Alternatively, staff can raise their concerns using the Whistleblowing Policy.

11.1.5 Where the College auditors discover fraud that could involve Senior Management they will report directly to the Chair of the Audit Committee. In

cases where the College auditors have evidence that the Board of the Corporation is involved in fraud then they will immediately inform the ESFA.

11.1.6 The Clerk to the Corporation will report annually to the Audit Committee all instances of fraud discovered during the previous twelve months and the action taken, including that which minimises future risk to the College. Where significant fraud and irregularity is identified or suspected the Chair of the Audit Committee will be notified promptly.

11.1.7 In accordance with the Financial Memorandum, the Principal will report serious weaknesses, significant frauds or major accounting and other control breakdowns to the ESFA's Chief Auditor, without delay.

11.1.8 The College's internal audit service may be best placed to perform investigations. This is provided that:

- a) the internal audit service's independence is not compromised;
- b) it has the appropriate skills and knowledge;
- c) it has sufficient resources without detriment to its core work of providing assurance on the whole system of internal control; and
- d) investigation is not performed at the expense of planned internal audit work.

11.2 Receiving and Giving Gifts Or Hospitality

11.2.1 It is an offence under the Bribery Act 2010 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles as set out in the Anti-Bribery Policy, to be followed by all members of staff must be:

- (a) the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest
- (b) 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.

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

11.2.3 Members of staff should not give gifts or hospitality to any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to influence the making of a business decision as a consequence of giving such gift or hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the College would be likely to accept in return.

11.2.4 When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from Corporate Services, who will maintain a register of gifts and hospitality received where the estimated value is in excess of £25 for gifts and £75 for hospitality. Members of staff in receipt of such gifts or hospitality are required to notify Corporate Services promptly.

11.3 Register of Interests

The Clerk to the Corporation is responsible for maintaining a Register of Interests in respect of the Corporation. The Clerk to the Corporation is responsible for maintaining a Register of Interests in respect of all staff who are in a position to award, or influence the award of any College contract.