

# Financial Regulations

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## **A GENERAL PROVISIONS**

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### **1 Background**

- 1.1** The College is a corporation. Its structure of governance is laid down in the Instrument and Articles of Government, which may only be amended by application to the Secretary of State. The College is accountable through its Corporation, 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 2011 and Schedule 8 of the Further and Higher Education Act 1992. Following the Machinery of Government changes in 2016 the College is now regulated by the Secretary of State for Education for Sixth Form Colleges. The College is incorporated as Further Education Corporation under the Further and Higher Education Act 1992 as amended by the Learning and Skills Act 2000.
- 1.3** The College receives funding from the Education and Skills Funding Agency ("ESFA") and the West Midlands Combined Authority ("WMCA") under the terms of the respective Conditions of Funding Agreements. The terms and conditions outlined in these agreements must be complied with at all times. Should these terms be found to conflict with anything contained in these Regulations the Conditions of Funding Agreement will always take precedence. The Corporation is responsible for ensuring that conditions of any grant funding under these agreements are met. As part of this process, the College must adhere to the Funding Bodies 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, on the recommendation of the Audit Committee, approved by the Corporation on 5 July 2022. 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 Conditions of Funding Agreement with the Funding Body's and the Funding Bodies 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
- 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 Audit Committee. It is the responsibility of all members of the Senior Leadership Team (SLT), Heads of Department and budget holders to ensure that their staff know, understand and follow these regulations.

**2.5** The Audit Committee is responsible for maintaining a continuous review of the Financial Regulations, through the Executive Director of Finance, and for advising the Corporation of any additions or changes necessary.

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

**2.7** The College's detailed Financial Procedures set out precisely how these Regulations will be implemented and are contained in a separate manual which is available from the Finance Department.

## **B CORPORATE GOVERNANCE**

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### **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 and the safeguarding of the College's assets
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and any other senior post-holders
- make appropriate arrangements to appoint a Clerk to the Corporation with the necessary expertise to fulfill the duties of the post
- set a framework for pay and conditions of service of all other staff. Planned amendments to the College's standard pay-scales will be incorporated into the annual College budget. Such changes will, through approval of the College budget, be confirmed by the Corporation. The Principal will report any nationally recommended changes to the next Corporation meeting following agreement by the trade unions and employers representative. Any other national amendments will be put to the Corporation for approval
- 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, on the recommendation of the Audit Committee, the appointment of financial statement/regularity auditors and an internal audit service and that the institution complies with the Funding Bodies post 16 audit code of practice
- secure the efficient, economical and effective management of all the College's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the College is not put at risk
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution
- advise the ESFA of any transactions or circumstances which may affect the financial viability of the College
- 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. Any deviation from this situation must be carefully considered by the Corporation having received sufficient assurances on the long-term financial viability
- approve an annual budget before the start of each financial year
- approve any major decisions on tuition fees
- approve the College's strategic plan

- approve the annual Financial Statements
- approve the College borrowing and investment strategy, including all loan agreements

#### **4 Designated Officer**

**4.1** The Principal is the College's designated chief accounting officer and is responsible for ensuring the financial administration of the College's affairs in accordance with the Conditions of Funding Agreement with the Funding Bodies. As the designated officer, the Principal may be required to justify any of the College's financial matters to the Parliamentary Committee of Public Accounts.

In particular, the articles of government 3.(2).(c) charge the Principal with responsibility:

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

The Principal shall demonstrate his or her oversight of financial matters by signing the Balance Sheet, the Governing Body Statement on College Regularity, Propriety and Compliance with Funding Body terms and conditions of funding, and finally the Statement of Corporate Governance and Internal Control within the annual Financial Statements. The Principal must also approve the Financial Plan and Finance Record submitted to the Funding Body plus any additional financial returns.

#### **5 Committee Structure**

**5.1** The Corporation has ultimate responsibility for the College's finances, but delegates specific powers and processes to the committees detailed below. These committees are accountable to the Corporation. A diagram depicting the committee structure is included at Appendix A.

##### **5.2 Finance and Resources Committee**

Monitoring of the College's financial position and financial control systems is undertaken by the Finance and Resources Committee (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. A more detailed extract from the FRC terms of reference is also shown at Appendix A.

Consideration of the College's medium-term and strategic plans is also

undertaken by the FRC. It is responsible for ensuring that all the financial implications of such plans are taken into account before their approval by the Corporation. In addition, it is responsible for considering the College's capital expenditure program before it can be recommended to the Corporation for approval.

### **5.3 Audit Committee**

Colleges are required by their Conditions of Funding Agreements with the Funding Bodies and by the Funding Bodies post 16 audit code of practice to appoint an Audit Committee (AC). The AC is independent, advisory and reports to the Corporation. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and financial statements/regularity auditors. The AC is responsible for identifying and approving appropriate performance measures for internal and financial statement auditors to assist in monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The AC must prepare an annual report to the Corporation which is required by the Funding Bodies. A more detailed extract from the AC's terms of reference is also shown at Appendix A. The audit requirements of the College are set out in the appropriate Funding Bodies post 16 audit code of practice.

### **5.4 Remuneration Committee**

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

## **6 Other Senior Managers with Financial Responsibility**

### **6.1 Executive Director of Finance**

Day-to-day financial administration is controlled by the Executive Director of Finance (Ex D of F) who is responsible to the Principal 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 Financial Statements and accounts the College is required to submit to other authorities
- ensuring that the College maintains satisfactory financial systems
- providing professional advice on all matters relating to financial policies and procedures
- day-to-day liaison with internal and financial statement auditors in order to achieve efficient processes
- short term low risk investment decisions

Appendix B shows the main areas in which advice is sought.



## **6.2 Senior Leadership Team-SLT/Heads of Department**

Members of the Senior Leadership Team (SLT) and other Heads of Department are responsible to the Principal for financial management in the areas or activities they control. They are advised by the Ex D of F in executing their financial duties. The Ex D of F will also supervise and approve the financial systems operating within their departments, to include the form in which accounts and financial records are kept and in particular the handling of any cash receipts. Members of the SLT and Heads of Department are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved to budget holders, they are accountable to their Head of Department for their own budget.

All relevant staff shall provide the Ex D of F with such information as may be required to enable:

- compilation of the College's Financial Statements
- compilation of annual budget
- 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 19.2) and the values of purchases for which quotations and tenders are required (see 19.5).

They shall make available any relevant records or information to the Ex D of F or his or her authorised representative in connection with the implementation of the College's financial policies, these Financial Regulations and the system of financial control.

They shall provide the Ex D of F with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Corporation.

They shall immediately notify the Ex D of F should any matter arise, which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the College. The Ex D of F shall take such steps as he or she considers necessary by way of investigation and report.

## **7 Risk Management**

- 7.1** The College acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable / unacceptable by the College will be set out in a separate Risk Management strategy.
- 7.2** The Corporation has overall responsibility for ensuring there is a Risk Management strategy and a common approach to the management of risk throughout the College through the development, implementation and embedment within the organisation of a formal, structured risk management process involving all departments.
- 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 23.1)
  - detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas
  - development of risk management and contingency plans for all significant risks
  - regular reporting to the Corporation of all risks above established tolerance levels
  - an annual review of the implementation of risk management arrangements.

The strategy and procedures must be capable of independent verification.

- 7.4** Heads of Department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed.

## **8 Whistle blowing**

- 8.1** Whistle blowing in the context of the Public Interest Disclosure Act 1998 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. In these circumstances a member of staff may, therefore, make the disclosure to the Whistleblowing Officer.
- 8.3** The full procedure for whistle blowing is set out in the College's Public Interest Disclosure Policy and Procedure, which is available through the College Intranet system or a hard copy from the HR department. Further details of the Public Interest Disclosure Act 1998 are set out at Appendix C.

## **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 set out in the Association of Colleges Code of Good Governance for English Colleges and similar Codes from elsewhere (eg) Charity Commission, which members of staff at all levels are expected to observe. These principles are set out at Appendix C. 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
  - not seeking personal gain, objectivity and honesty
  - relationships.
- 9.2** Additionally, members of the Corporation, Senior Management or those involved in procurement are required to disclose interests in the College's Register of Interests maintained by the Clerk to the Governors. 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.

## 9.4 Receiving gifts or hospitality

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

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

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 hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the College would be likely to provide in return.

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant Head of Department or Ex D of F. For the protection of those involved, the Ex D of F will maintain a file of Gifts and Hospitality received where the value of hospitality is in excess of £75.00 and gifts in excess of £30.00. Any gift of cash must be declared. Members of staff in receipt of such gifts or hospitality are obliged to complete a declaration form and forward, signed by their line manager, to the Ex D of F promptly.

It is the responsibility of not just staff but agents, contractors, subcontractors, consultants and any other associated parties to ensure that bribery is prevented, detected and reported.

## 9.5 Giving of hospitality

Hospitality may be given to others, at College expense, only if it meets all of the following criteria:

- It is approved in advance by the Head of Department
- It is not excessive in value and cannot be construed as a bribe or a pay-off

- It is not in contravention of applicable law or ethical standards
- Public disclosure of the facts will not embarrass either the College or the member of staff or governor

Exercising good judgment regarding the provision of hospitality is essential.

## **C FINANCIAL MANAGEMENT AND CONTROL**

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### **10 Financial Planning**

**10.1** The Ex D of F is responsible for preparing, in accordance with Funding Body regulations, a financial plan for approval by the Corporation on the recommendation of the FRC. Financial plans should be consistent with the strategic plans and estates strategy approved by the Corporation.

#### **10.2 Budget objectives**

The Corporation will, from time to time, set budget objectives for the College. These will help the Ex D of F in preparing his or her more detailed financial plans for the College.

#### **10.3 Resource allocation**

Resources are allocated annually by the Corporation on the recommendation of the FRC, and on the basis of the above objectives. Members of the SLT and Heads of Department are responsible for the economic, effective and efficient use of resources allocated to them.

#### **10.4 Budget preparation**

The Ex D of F is responsible for preparing each year an annual revenue budget and capital expenditure program 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 Ex D of F must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Heads of Department as soon as possible following their approval by the Corporation.

During the year, the Ex D of F is responsible for submitting revised year-end forecasts to the FRC for consideration before submission to the Corporation for approval.

#### **10.5 Capital Expenditure Programs**

The capital expenditure program includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants. Expenditure of this type can only be considered as part of the capital program approved by the Corporation through the annual budget.

The Ex D of F will establish protocols for the inclusion of major capital projects in the capital program 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 D and are shown in more detail in Financial Procedures.

The Ex D of F will also establish procedures for the approval of variations, including the notification of large variations, where appropriate, to the Funding Body, as laid down in Funding Body guidelines.

The Ex D of F is responsible for providing regular statements in the Management Accounts concerning all capital expenditure for monitoring and control purposes.

Following completion of a major 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 Funding Body guidelines.

## **10.6 Overseas activity**

In planning and undertaking overseas activity, the College must have due regard to any relevant guidelines issued by the Funding Body. The prior approval of the Principal must be obtained, or in the case of the Principal, prior approval must be obtained from the Chair of the Corporation. All such approvals must be given in writing.

## **10.7 Other major developments**

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £50,000 should be presented for approval to the FRC.

The Ex D of F will establish protocols for these major developments to enable them to be considered for approval by the Corporation. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet. They are summarised at Appendix D and are shown in more detail in Financial Procedures.

# **11 Financial Control**

## **11.1 Budgetary control**

The Principal is responsible for managing the College within the budget approved by the Corporation.

Designated budget holders are required to maintain control of income and expenditure within an agreed budget with day-to-day monitoring undertaken effectively. Budget holders, with delegated budget responsibility, are responsible

to their line manager for the income and expenditure appropriate to their budget. Significant deviations from agreed budgetary targets must be reported immediately to the Ex D of F by the budget holder concerned and, if necessary, corrective action taken.

## **11.2 Financial information**

Budget holders are assisted in their duties by management information provided by the Ex D of F. The types of management information available to the different levels of management are described in the detailed Financial Procedures, together with the timing at which they can be expected.

The Ex D of F is responsible for supplying budgetary reports on all aspects of the College's finances to the FRC on a basis determined by the FRC but subject to any specific requirements of the Funding Body. These reports are also presented to the Corporation, which has overall responsibility for the College's finances.

The Ex D of F is responsible for preparing Management Accounts on all aspects of the College's finances for the ten months ending October through to July. These reports should address all aspects of the College's finances with an income and expenditure account, a balance sheet and rolling cash flow forecast. The commentary should also address current capital expenditure and performance of Investments. Variances and a forecast out-turn should also be included. It should include reference to any significant trading subsidiaries. There should be adequate written commentary on variances and other developments.

The FRC and Full Board will consider these reports on at least a termly basis although monthly Management Accounts will be circulated to FRC and Full Board members.

## **11.3 Changes to the approved budget**

Changes proposed to the approved budget that will significantly worsen the overall agreed surplus/deficit will be considered by the FRC, which will make recommendations to the Corporation, unless they fall within the delegated approval arrangements:

- Ex D of F/Principal up to £250,000
- FRC from £250,000

Any changes will be reported through the Management Accounts in the latest forecast section to ensure that FRC and Full Board members are kept up to date on College financial performance.

## **11.4 Virement**

Virement between budgets held by different budget holders is permitted up to 10% or £25,000, whichever is the greater, of the budget from which virement is

sought with the written approval of the transferring budget holder and the Ex D of F.

The Ex D of F is responsible for submitting requests for virement of resources above 10% or £50,000, whichever is the greater, to the FRC for consideration before submission to the Corporation for approval.

### **11.5 Treatment of year-end balances**

The Ex D of F is responsible for identifying accrued income and expenditure and adjustments required at the year-end, in respect of all College budgets, to ensure the College recognises all costs and income in the year in which they have been incurred/earned. The Ex D of F may, in special circumstances allow departments to carry forward unspent balances provided they are less than 10% of the department annual budget. Such situations are likely to be infrequent. Any budget holder responsible for an over spend against budget may have the amount of the over spend deducted from the budget allocated to that department for the subsequent year.

## **12 Accounting Arrangements**

### **12.1 Financial year**

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

### **12.2 Basis of accounting**

The consolidated Financial Statements are prepared on the historical cost basis of accounting and in accordance with applicable United Kingdom accounting standards.

### **12.3 Format of the Financial Statements**

The Financial Statements are prepared in accordance with the current Statement of Recommended Practice: *Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP)*, the *College Accounts Direction* and in accordance with Financial Reporting Standard 102 applicable accounting standards. In terms of Limited subsidiary companies these must be prepared in accordance with the provisions of the Companies Act 2006, when that is appropriate.

### **12.4 Capitalisation and depreciation**

New land and buildings will be recorded in the Balance Sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal installments 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 greater than the current book value.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the Balance Sheet where the acquisition cost per item is £1,000 or more or the assets are part of a major capital replacement project. Capitalised assets other than land and buildings will be depreciated over a period of years commencing in the year of acquisition, unless purchased at the year-end, as follows:

- Motor vehicles - 5 years
- Plant and equipment - between 5 years and 15 years
- Computer equipment - between 3 years and 5 years
- Furniture, fixtures and fittings - between 5 and 10 years

### **12.5 Accounting records**

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

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

- official purchase orders
- paid invoices
- invoices raised
- bank statements
- copies of receipts
- paid cheques or electronic data
- complete paper record transaction for each year from the computerized accounting system
- payroll records, including sessional lecturers' contracts.

The Ex D of F will make appropriate arrangements for the retention of electronic records.

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

Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funding body. This will include documents relating to the various pension schemes adopted by the College.

The College will retain all records supporting the audit trail relating to the College's Individualised Learner Record (ILR) return for a minimum of six years.

## **12.6 Public access**

Under the terms of the Charities Act 1993 as amended by the Charities Act 2006, 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. In accordance with funding body guidance the Financial Statements must be added to the College website. The College will also allow members of the public to inspect the Financial Statements during normal working hours.

## **12.7 Taxation**

The ex D of F is responsible for advising SLT and Heads of Department, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. The Ex D of F will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, Corporation Tax and Import Duty.

The Ex D of F 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. The actual processing of payroll matters can be delegated to the payroll provider.

The Corporation must meet statutory requirements in relation to VAT registration and comply with HM Revenue & Customs requirements, including making returns, as appropriate. The Ex D of F shall ensure the maintenance of VAT records for the Corporation and shall ensure the processing of all VAT payments and receipt of all VAT credits as appropriate.

The Corporation may be liable for Corporation Tax on any profit-making activities that it undertakes. The ex D of F will be responsible for ensuring that any liabilities in this area are identified and reported accurately to HM Revenue & Customs. The actual processing of returns can be delegated to external agencies.

## **13 Audit Requirements**

### **13.1 General**

Financial Statement/Regularity 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.

Whenever any matter arises which involves, or is thought to involve, irregularities or fraud concerning cash, stores or other property this must be reported to the AC as soon as possible.

The Ex D of F is responsible for drawing up a timetable for final accounts purposes and will advise staff and the financial statement auditors accordingly.

The Financial Statements should be reviewed by both the FRC and the AC. On the recommendation of the FRC and Audit Committees they will be submitted to the Corporation for approval.

### **13.2 Financial Statement/Regularity audit**

The appointment/re-appointment of Financial Statement/Regularity auditors of the College will take place annually and is the responsibility of the Corporation. The Corporation will be advised by the AC.

The primary role of the external audit is to report on the College's Financial Statements and to carry out such examination of the Financial Statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Funding Body's post 16 audit code of practice and the Auditing Practices Board's statements of auditing standards.

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

### **13.3 Internal audit**

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

The College's Condition of Funding Agreements with the Funding Bodies requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the Funding Body's post 16 audit code of practice. The main responsibility of internal audit is to provide the Corporation, the Principal and Senior Management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation and has direct access to the Corporation, Principal and Chair of the AC. The internal auditors work will be performed under the Public Sector Internal Audit Standards.

### **13.4 Internal audit - fraud and corruption**

The full procedure to deal with fraud and corruption is set out in the College's Anti-Fraud and Anti Bribery Policy, which is available through the College Intranet system or a hard copy from the Ex D of F.

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

The procedure to be followed when an allegation of fraud is reported to the Ex D of F is that which is contained in the WhistleBlowing Policy.

Additional points to note are:-

- The Ex D of F will notify the Principal and the AC (through its Chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report
- the Principal shall inform the police if a criminal offence is suspected of having been committed
- any significant cases of fraud or irregularity shall be reported to the Funding Bodies in accordance with their requirements as set out in the post 16 audit code of practice
- the AC 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 AC on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Ex D of F and/or the Principal, the member of staff shall notify the Chair of the AC directly of their concerns regarding irregularities.

### **13.5 Value for money**

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

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

### **13.6 Other auditors**

The College may, from time to time, be subject to audit or investigation by external bodies such as the Funding Bodies, National Audit Office, European

Court of Auditors and HM Revenue & Customs. They have the same rights of access as financial statement and internal auditors.

## **14 Treasury Management**

### **14.1 Treasury Management/Investment Policy**

The FRC is responsible for approving a Treasury Management/Investment Policy (based on CIPFA's *Treasury Management in the Public Services: Code of Practice* together with cross-sectoral guidance and sector-specific guidance) setting out a strategy and policies for cash management, long-term investments and borrowings.

This will require compliance with Funding Body rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the Condition of Funding Agreements. The FRC has a responsibility to ensure implementation, monitoring and review of such policies.

The FRC shall approve the strategy and parameters surrounding the investment of surplus funds, and will be responsible for agreeing the use of any investment vehicles considered to be of medium to high risk. The Ex D of F shall have delegated powers to invest funds in low risk investment vehicles on a day to day basis in accordance with this Policy, and in any investment vehicles that have already been approved by the FRC. All executive decisions concerning borrowing must be approved by the FRC. All borrowing shall be undertaken in the name of the College and shall conform to any relevant Funding Body requirements. The Ex D of F and his staff are required to act in accordance with CIPFA's *Code of Practice*.

The Ex D of F will, through the Management Accounts, report to the FRC on the activities of the treasury management/investment operation and on the exercise of treasury management/investment powers delegated to him or her.

### **14.2 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. The appointment shall be for a specified period after which consideration shall be given by the FRC to competitively tendering the service.

### **14.3 Banking arrangements**

The Ex D of F is responsible, on behalf of the FRC, for liaising with the College's bankers in relation to the College's bank accounts. The Ex D of F is responsible for ensuring that adequate arrangements exist to safeguard all cheque stationery, and that cheques in the College name (or that of any subsidiary) are

treated as controlled stationery at all times.

Only the Principal 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. Cheques up to an agreed amount, specified in the College's detailed Financial Procedures, shall require one signature. Cheques over the agreed amount must be signed by two authorised persons. Details of authorised persons and limits shall be provided for in the College's detailed Financial Procedures.

All automated transfers on behalf of the College, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the FRC. Details of authorised persons and limits shall be provided for in the College's detailed Financial Procedures.

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

## **15 Income**

### **15.1 General**

The Ex D of F 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 Ex D of F.

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the FRC.

The Ex D of F is responsible for the prompt collection, security and banking of all income received.

The Ex D of F is responsible for ensuring that all grants notified by the Funding Bodies and other bodies are received and appropriately recorded in the Colleges accounts.

The Ex D of F is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

### **15.2 Maximisation of income**

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

### **15.3 Receipt of cash, cheques and other negotiable instruments**

All monies received within departments from whatever source must be recorded by the department on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments. Every sundry remittance or sum of money accepted on behalf of the College, with the exception of sales of consumables/stationery to students must be acknowledged by the issue of an official receipt.

All monies received must be forwarded to the Finance Department promptly, and in accordance with a timetable prescribed by the Ex D of F and set out in Financial Procedures. The custody and transit of all monies received must comply with the requirements of the College's insurers.

All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenses or be paid into any departmental cash float. Under no circumstances should monies received on behalf of the College be used to cash personal or third party cheques. Staff should encourage students to use the external payment solutions that are available to minimize the amounts of cash in circulation.

### **15.4 Collection of debts**

The Ex D of F should ensure that:

- debtors invoices are raised promptly on official invoices, where an invoice is requested by the customer.
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income and debtor account
- any credits granted are valid, properly authorised and completely recorded
- VAT is correctly charged where appropriate, and accounted for
- 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 included in the Management Accounts. Any issues with debt collection are reported to the SLT and relevant budget holders.

Only the Finance Department can implement credit arrangements and indicate the periods in which different types of invoice must be paid.

The authority for the granting of allowances or remissions on any one account, or the writing off of bad debts is as follows:

- amounts up to £1,000 - the Ex D of F
- amounts over £1,000 but less than £2,500 - the Principal
- Amounts over £2,500 - the FRC

### **15.5 Student fees**

The procedures for collecting fees from students must be approved by the Vice

Principal/Assistant Principal or the Ex D of F. The Ex D of F is responsible for ensuring that all student fees, identified to the Finance Department, are collected by the College.

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

## **15.6 Student loans**

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

## **15.7 Emergency/hardship loans**

The College's scheme for emergency/hardship loans must be approved by the Ex D of F. 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 Ex D of F is responsible for ensuring the adequacy of the systems in place for:

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

## **16 Contracts**

### **16.1 Grant and contract conditions**

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

Any loss to the College resulting from a failure to meet conditions of funding must be reported to the FRC.

## **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 Principal or Vice Principal.



- applications for permission to undertake work as a purely private activity must be submitted to the Principal or Vice Principal and include the following information:
  - the name or names of the staff concerned
  - the title of the project and a description of the work involved
  - the proposed start date and duration of the work
  - full details of any College resources required
  - an undertaking that the work will not interfere with the teaching and normal College duties of the member(s) of staff concerned
  - an assurance that the work will not have a negative impact on the reputation of the College

The College accepts no responsibility for work undertaken or recommendations made to third parties by its staff or students for private gain.

### **17.2 Short courses and services rendered**

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

Any staff wishing to run a short course must have the permission of the Vice Principal or SLT. The Head of Department will be responsible 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 (franchising)**

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 organisation), must be subject to the following procedure.

There shall be a contract, signed on behalf of the College by the Principal and an authorised person on behalf of any partner organisation, that shall comply at least with the Funding Bodies 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.

The College will also comply with the Funding Bodies requirements to register each collaborator.

The College will take steps to ensure that guided learning hours are assessed and monitored to ensure compliance with Funding Body requirements. Payments to collaborators will be based only on funding generated from the student records software.

A monthly summary will be included in the Management Accounts on funding

generated and payments made. A termly report will be presented to the SLT on activity, visits, enrolments, achievement and other monitoring controls.

The impact of the contract shall be subject to scrutiny by both the AC and the FRC. The format for regular reports shall be as stated in Funding Body guidance. They shall consider the risk factors associated with the proposed partnership and agree an appropriate provision in the College's financial forecast.

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

#### **17.4 European Union (EU) 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 SLT member being able to demonstrate that eligible matching funds are available and that the project is financially viable.

Individual applications for funds in excess of £50,000 shall be the subject of a report by the Principal to the Corporation which will set out, amongst other things, the potential risks generated by the project.

If the College sub-contracts such work to external providers, the relevant SLT member 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
- documents are retained in accordance with the requirements of the relevant project

#### **17.5 Profitability and recovery of overheads**

All other income-generating activities must be self-financing or surplus-generating after providing for any set-up costs.

Other income-generating activities organised by members of staff must be costed and agreed with the Ex D of F before any commitments are made. Provision must be made for charging both direct and indirect costs, in particular for the recovery of overheads.

#### **17.6 Deficits**

Any unplanned deficits incurred on other income-generating activities will be charged against the budgeted funds allocated to the department concerned.

#### **17.7 Additional contributions to departments**

Distribution of profits on other income-generating activity between central funds

of the College and individual departments will be agreed by the Ex D of F.

### **17.8 Additional payments to staff**

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 Principal.

## **18 Intellectual Property Rights and Patents**

### **18.1 General**

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

### **18.2 Patents**

The FRC 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.

### **18.3 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 agreed by the FRC.

## **19 Expenditure**

### **19.1 General**

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

### **19.2 Scheme of delegation/financial authorities**

The budget holder is responsible for purchases within his or her department. Purchasing authority may be delegated to named individuals within the department. In exercising this delegated authority, budget holders are required to observe the purchasing policies and Financial Procedures.

The Finance Office Manager shall maintain a register of authorised signatories and budget holders must supply him or her with specimen signatures of those authorised to certify invoices for payment.

The Finance Officer Manager must be notified immediately of any changes to the authorities to commit expenditure.

Budget holders are not authorised to commit the College to expenditure without first reserving sufficient funds in their budget to meet the purchase cost as detailed in the Financial Procedures.

Purchase requisitions must be authorised as follows and also comply with section 19.5:

<u>Value of Expenditure</u> (Excluding VAT)	<u>Authorisation</u>
Up to £10,000	Budget holder, Finance Office Manager or Ex D of F
Over £10,000 up to £25,000	Budget holder, Finance Office Manager or Ex D of F and Principal
Over £25,000 up to £100,000	Budget holder, Finance Office Manager or Ex D of F, Principal and Chair of FRC or in exceptional circumstances their nominated Deputy
Over £100,000	Any such expenditure must be brought to the attention of the Full Board Meeting

The above list excludes utility contracts where the costs cannot be accurately identified.

The above limits exclude Exam invoices. Any Exam invoice over £25,000 must be signed by either the Principal or the Vice Principal.

### **19.3 Procurement**

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

The Finance Office Manager or Ex D of F is responsible to the budget holders for:

- ensuring that the College's purchasing policy is known and observed by all involved in purchasing for the College
- advising on matters of College purchasing policy and practice
- advising and assisting departments where required on specific departmental purchases
- developing appropriate standing supply arrangements on behalf of the College to assist budget holders in meeting their value for money obligations
- the drafting and negotiation of all large-scale purchase contracts (generally in excess of £50,000 excluding VAT undertaken by the College, in collaboration with the responsible department. This can be undertaken by external consultants. This excludes Exam procurement which is agreed by an Assistant Principal and the Principal.
- ensuring that the College complies with UK regulations on public purchasing

policy as set out in paragraph 19.9

#### **19.4 Purchase orders**

The ordering of goods and services shall be in accordance with the College's detailed Financial Procedures.

Official College orders must be placed for the purchase of all goods or services, including those made using College credit cards. In exceptional circumstances, urgent orders may be given orally, but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.

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

It is the responsibility of the Finance Office Manager to ensure that all purchase orders refer to the College's conditions of contract (see 19.7 and Appendix E).

#### **19.5 Tenders and quotations**

Budget holders must comply with the College's tendering procedures set out in Appendix E which are applicable as follows:

- the budget holder will consult with the IT Manager before tendering for IT equipment
- under £10,000 excluding VAT – the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained
- from £10,000 to £50,000 excluding VAT – the budget holder shall be required to obtain at least three quotations
- over £50,000 excluding VAT – all items, with the exception of Exam charges, will require three competitive tenders
- Any contract value between £50,000 and £200,000 excluding VAT should be reported to both the SLT and FRC. Contracts for exam charges are excluded from this requirement.
- Any contract value over £200,000 excluding VAT must have the approval of the FRC before any award is made. This can be completed by email. Contracts for exam charges are excluded from this requirement.

In exceptional circumstances, where it is not possible to obtain the required number of quotations, or to do so would incur additional costs, the Principal may authorise expenditure on the basis of at least one quote. In such cases a Single Tender Waiver form justifying the decision should be completed and tabled at next AC meeting.

In each of the cases set out above the company offering the lowest total price

for the equivalent quality of supplies or services should normally be accepted. In any case, where the lowest offer is not accepted, a file note justifying the decision should be made.

The College may also consider that a tendering process is applicable for key goods and services even though their value is less than the £50,000 threshold.

Budget holders are encouraged to use external consultants when procuring specialist supplies/services.

Budget Holders should note that the value of the contract Includes the value of any future Instalments.

Only partnership/franchise arrangements for the supply of goods or services specifically approved by the FRC or the Corporation will fall outside these arrangements for tenders and quotations (these will generally be for sole or preferred suppliers). The selection of examination boards will also fall outside these tender arrangements.

The main points covered by the College's code of tendering practice are described at Appendix E and may be subject to special rules imposed by Funding Bodies.

### **19.6 Post-tender negotiations**

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

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

In each case, a statement of justification should be prepared 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 FRC. This would include a report by any consultants who have been asked to manage the tender process.

### **19.7 Building contracts**

Building contracts are the responsibility of the FRC and are administered by the Principal and Ex D of F.

Proposals will normally be initiated by the Principal or SLT working with the Facilities Manager in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments.

Consultants may be appointed if the project is too large or too specialised for College resources. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of costings, investment appraisal or other justification and prepared in conjunction with the Ex D of F as appropriate for consideration by the FRC. Investment appraisals should comply with appropriate Funding Body guidance, if applicable.

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 the Funding Body, Funding Body procedural rules should be followed. Funding Body 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.

### **19.8 Other contracts**

Once the selection of a supplier has been completed it may be appropriate for a formal contract to be agreed between the College and the supplier of the goods or services. This is particularly important where the agreement extends for a period of time of over one year or more, or where the supply is ongoing in nature. The following list highlights the main items for which the College would consider a contract to be essential:

- Collaborative provision
- Significant computer system supplies
- Lease/Rental services
- Utilities
- Facilities Management
- Cleaning
- Catering

The list is not considered to be exhaustive, and consideration must therefore be given to whether a contract may be appropriate for the particular item/service being procured.

It is the responsibility of the Head of Department/member of the SLT to negotiate contracts between the College and external supplier. Contracts over £10,000 must be approved and signed by the Principal. Where appropriate legal advice on the content and form of the contract should be sought.

### **19.9 Replacement EU regulations**

The Ex D of F is responsible for ensuring the College complies with its legal obligations concerning the publication in "Find a Tender Service-FTS" which is the replacement for the OJEU publication service where the total value exceeds the

threshold value, which at 1 January 2022 is £213,477 for supplies/services. The threshold for building works contract is £5,336,937. These amounts are inclusive of VAT.

A breach of these new regulations is actionable by a supplier or potential supplier. It is not permissible to avoid the provisions by breaking down orders into smaller quantities/values or by letting contracts of shorter duration which would result in a commitment value below the relevant threshold level.

It is the responsibility of budget holders to ensure that their members of staff comply with the new regulations by notifying the Ex D of F of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in the FTS publications.

### **19.10 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.

If the goods are deemed to be unsatisfactory, the delivery note 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. If no delivery note is included appropriate action will be taken as soon as the error is identified.

Where possible, persons receiving goods on behalf of the College must be independent of those who negotiated prices and terms and placed the official order.

### **19.11 Payment of invoices**

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

The Finance Office Manager is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS. In exceptional circumstances the Finance Office Manager will prepare cheques manually for urgent payments.

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

Exam invoices that are not covered by a Purchase Order with a value over £25,000 need to be counter-signed by Principal/Vice Principal.

Suppliers should be instructed by the budget holder to submit invoices for goods or services directly to the College Finance Department, quoting order numbers. Invoices must be passed to the Finance

Department immediately upon being received in the College by post or accompanying goods delivered.



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

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

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) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- the invoice is made out to the College

### **19.12 Staff reimbursement**

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 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 such purchases by staff are planned, the Finance Office Manager and the relevant budget holder may jointly approve cash advances to staff that are going to incur expenditure on the College's behalf. Upon completion of the travel or project to which the advance relates, a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

### **19.13 College Credit Card**

Where appropriate, the Principal or Finance Office Manager may approve the use of the College credit card by budget holders to place orders via the internet or over the telephone.

In other circumstances the credit card shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. The Finance Office Manager will be responsible for setting in place a system to monitor the use of College credit cards and account for expenses charged through them.

### **19.14 Petty Cash**

Where a single item is for less than £75.00 it may be paid, at the discretion of the Finance Office Manager, from College petty cash. Where possible it must be supported by receipts or vouchers. Staff are not allowed to subdivide any purchase into smaller values to overcome this limit.

In exceptional circumstances, and only with the agreement of the Principal or Vice

Principal, the maximum of £75 may be exceeded provided sufficient cash is available and where notice has been given of the requirement.

The Finance Office Manager shall make available to departments such imprests or floats as he or she considers necessary for the disbursements of petty cash expenses or for the issuing of change in circumstances where departments are collecting small cash sums. However, it is important for security purposes that such floats are kept to a minimum.

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

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

### **19.15 Other payments**

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the responsible Head of Department, supported by detailed claims approved by the budget holder.

Individual payments under 'outward collaborative provision' contracts shall be authorised by the Principal or the Assistant Principal-Adult Learning. 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 the FRC and where a Purchase Order is in place.

### **19.16 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. Key points are:

- small businesses can charge interest on overdue invoices
- interest is chargeable on sales made after 1 November 1998
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of England
- the Act also applies to overseas organisations
- the College can be sued for non-payment.

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

### **19.17 Project advances**

The Ex D of F and the relevant budget holder may jointly approve cash advances for projects carried out away from the College where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or use of the College credit card.

Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the project to which the advance relates, a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to a project or individual is outstanding.

### **19.18 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.

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

### **19.19 Exceptional expenditure under the Business Continuity Framework (BCF) Policy**

In cases where the College is adopting the BCF policy and procedures the requirements for approval limits above may have to be superseded. The BCF states that emergency repairs up to the value of £1,000 excluding VAT may be approved by any member of the BCF Team. The IT Manager is authorized to commit to expenditure up to £5,000 excluding VAT to establish the basic IT requirements. Any expenditure over £5,000 excluding VAT can be authorised by the Principal or Vice-Principal.

## **20 Pay Expenditure**

### **20.1 Remuneration policy**

All College staff will be appointed to the pay framework approved by the Corporation and in accordance with appropriate conditions of service. All letters of appointment must be issued by the HR department.

The Corporation will determine what other benefits, such as cars, medical and life insurance, 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 will be determined by the Remuneration Committee and approved by the Full Board.

### **20.2 Appointment of staff**

All contracts of service shall be set out in accordance with the College's approved personnel practices and procedures and all offers of employment with the College shall be made in writing by the Executive Director of HR and signed by the Principal/Vice Principal. Heads of Department shall ensure that the Executive Director of HR is provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

### **20.3 Salaries and wages**

The Ex D of F or his or her nominee is responsible for payments of salaries and other payroll payments to all staff. All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Ex D of F/Executive Director of HR. The monthly amendment sheet must be approved by the Principal prior to submission to the payroll provider.

The Executive Director of HR will be responsible for keeping the Ex D of F informed of all matters relating to personnel for payroll purposes. In particular these include:

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

The Ex D of F or his or her nominee 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 Ex D of F or his or her nominee 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 HM Revenue & Customs regulations.

### **20.4 Pension schemes**

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

The Executive Directors of HR and Finance are jointly responsible for day-to-day pension matters, including:

- paying contributions to various authorised pension schemes
- preparing the annual return to various pension schemes
- complying with auditing requirements of various pension schemes

The Executive Director of HR is responsible for administering eligibility to pension arrangements and for informing the Payroll provider when deductions should begin or cease for staff.

## **20.5 Travel, subsistence and other allowances**

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Finance Office Manager.

Staff and Corporation members should neither be out of pocket, nor profit from expenses incurred, and should utilise the most cost effective and appropriate means of transport and/or accommodation.

Claims by members of staff must be authorised by the budget holder where the costs are being charged to, or where this is their own budget by the members immediate line manager. Under no circumstances should a member sign their own expenses. The certification shall be taken to mean that:

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

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 FRC. All expenses incurred by the Principal on College business shall be signed by the Chair of the Corporation.

## **20.6 Overseas travel**

All arrangements for overseas travel must be approved by the Principal in advance of committing the College to those arrangements or confirmation of any travel bookings. Arrangements for overseas 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 FRC.

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.

## **20.7 Severance and other non-recurring payments**

Severance payments shall only be made in accordance with relevant legislation on redundancy and in accordance with the scheme approved by the Corporation through the FRC. Professional advice should be obtained where necessary. In the case of a major restructuring situation no amounts shall be expended that exceed the budget allocated for that specific purpose. All such payments shall be authorised by the Principal and calculations checked by the Executive Director of HR. Any individual amounts that do not fall within the parameters above or are in excess of £12,500 (excluding statutory redundancy entitlement) require approval by the FRC. In exceptional circumstances this approval may be given by the Chair of the FRC in consultation with the Principal, to be reported to the next meeting of

the relevant committee. Amounts paid should be declared in the Financial Statements if required.

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

## **21 Assets**

### **21.1 Land and buildings**

The purchase, lease or rent of land or buildings 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. This excludes the short term letting of community venues used to deliver adult funded programmes. In exceptional cases approval can be given by the FRC and reported to next Full Board meeting

### **21.2 Definition of a fixed asset**

The College defines fixed assets, as any asset that fulfills all the following criteria:

- the item is tangible
- it has a useful life in excess of one year
- it has an original cost in excess of £1,000 (excl VAT)

For this purpose groups of physically separate items may be treated as a single item where they are normally used in combination. Items costing less than £1,000 but purchased as part of a major replacement programme may be capitalised.

The purchase of an asset must be undertaken under the normal purchasing regulations as outlined in section 19-Expenditure. All fixed assets must be coded to the Balance Sheet under the appropriate sub heading in accordance with the assets classification.

### **21.3 Fixed Asset Register**

The Ex D of F is responsible for maintaining the College's register of land, buildings, plant, IT equipment, motor vehicles and furniture/fittings that have been capitalised under the Accounting Policies approved from time to time by the Corporation. This Register shall be reconciled to the totals shown on the Balance Sheet at least annually. Heads of Department will provide the Ex D of F with any information he or she may need to maintain the Register.

### **21.4 Physical assets**

The IT Manager is responsible for maintaining a register of IT Equipment.

### **21.5 Stocks and stores**

Heads of Department 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 Ex D of F.

Heads of Department 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.

### **21.6 Safeguarding assets**

Heads of Department are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control. They will consult the Ex D of F 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.

### **21.7 Personal use**

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

### **21.8 Asset disposal**

Disposal of equipment, vehicles 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.

It is the responsibility of Heads of Department to advise the Finance Department on any disposal whilst ensuring that the proposed sale represents value for money for the College. If the asset is being offered for sale to members of staff of the College the item should be advertised throughout the College. Unless there are exceptional circumstances not to do so, the highest bid should be accepted.

On completion of the sale the Head of Department must notify the Ex D of F and forward the sale proceeds to the Finance Department immediately.

Any theft or loss of an asset must be notified to the Ex D of F at the earliest opportunity.

### **21.9 All other assets**

Heads of Department are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the College, whether tangible or intangible, including electronic data.

## **22 Funds Held on Trust**

### **22.1 Gifts, benefactions and donations**

The Ex D of F 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.

### **22.2 Student welfare and access funds**

The Finance Office Manager will prescribe the format for recording the use of student welfare funds. Records of Bursary Funding will be maintained according to Funding Body requirements.

### **22.3 Voluntary funds**

The Ex D of F 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 Ex D of F shall be entitled to verify that this has been done.

The collection of monies from students for charitable purposes will not be subject to the above regulations. However such collections need to be approved in advance by the Principal/Vice-Principal.

## **23 Other**

### **23.1 Insurance**

The Ex D of F is responsible for the College's insurance arrangements. 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.

The Ex D of F is responsible for effecting insurance cover as determined by the FRC. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Ex D of F 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.



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

The Facilities Manager 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. The Finance Department will require evidence of this prior to any mileage claims being settled.

### **23.2 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 Principal and the D of F, who should have due regard to guidance issued by the Funding Bodies.

The Corporation is responsible for ensuring that the required procedures are followed. The process involved in forming a company or a joint venture and arrangements for monitoring and reporting on the activities of these undertakings are documented in the College's Financial Procedures.

It is the responsibility of the Corporation to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the College. These and other arrangements will be set out in a memorandum of understanding.

The directors of companies where the College is the majority shareholder must submit, via the FRC, an annual report to the Corporation. They will also submit business plans or budgets as requested to enable the Committee to assess the risk to the College. The College's internal and external auditors shall also be appointed as auditors to such companies.

Where the College is the majority shareholder in a company, the Funding Bodies requires that the company's financial year must be consistent with that of the College.

### **23.3 Security**

Keys to safes or other similar containers are to be carried on the person of those responsible at all times. The loss of such keys must be reported to the Ex D of F

immediately.

The IT Manager shall be responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the General Data Protection Regulations. A Data Protection Officer shall be nominated to ensure compliance with the Act and the safety of documents. IT electronic data should also be stored in an off-site location.

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

#### **23.4 Use of the College's seal**

Where a deed or document requires the College's seal, it must be sealed by the Clerk to the Corporation or, in his or her absence, the Ex D of F, in the presence of a member of the Corporation.

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

#### **23.5 Provision of indemnities**

Any member of staff asked to give an indemnity, for whatever purpose, should consult the Principal or ex D of F before any such indemnity is given.

## **24 Appendices**

- Appendix A Committee Structure and Terms of Reference
- Appendix B Main Features of the Public Interest Disclosure Act 1998
- Appendix C The Seven Principles of Public Life from the Report of the Committee for Standards in Public Life (The Nolan Report)
- Appendix D Summary of Protocols for Proposed Major Capital Expenditure and Development Projects
- Appendix E College's Tendering Procedures

## **APPENDIX A: COMMITTEE STRUCTURE AND TERMS OF REFERENCE**

### Introduction

This document outlines the structure and operations of the Corporation. The Corporation need not take every decision. It may delegate some of its functions and power to the Principal, to an individual governor or to committees or working parties that the Corporation set up. However, responsibility for every decision and action remains with the Full Corporation of the Governors (also known as the Governing Body/Full Board).

Some key decisions cannot be delegated and must be taken by the Full Corporation. Where this is the case, a committee may still be asked to consider the issue and make recommendations, as long as the Full Corporation takes the decision.

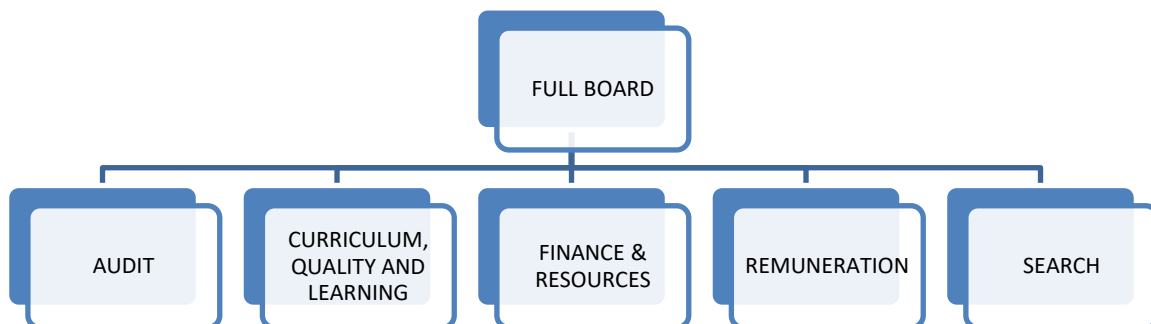
Duties which cannot be delegated include:

- ◆ the determination of the educational character and mission of the institution
- ◆ the approval of the annual estimates of income and expenditure
- ◆ ensuring the solvency of the institution and the Corporation and the safeguarding of their assets
- ◆ the appointment or dismissal of the Principal
- ◆ the modifying or revoking of the Instruments and Articles

All committees should operate according to decisions and procedures approved by the Full Corporation as to:

- ◆ membership
- ◆ quorum
- ◆ frequency of meetings
- ◆ chair
- ◆ delegated duties

## Committee Structure



### **Full Board**

Membership	20 governors, including the Principal
Quorum	8 members
Frequency of Meetings	At least once in every term, and shall hold such other meetings as may be necessary.
Term of Office	Normally 4 years. Reappointment for further term of office is permitted.

#### Responsibilities of Corporation and Principal:

- ◆ the determination of the educational character and mission of the institution and for the oversight of its activities
- ◆ to advise the Corporation on the College Improvement Plan (CIP) annually
- ◆ the effective and efficient use of resources, the solvency of the institution and the Corporation and for safeguarding their assets
- ◆ approving annual estimates of income and expenditure
- ◆ the appointment, grading, job description\*, 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)
- ◆ to consider recommendations from Search Committee for approval of all new and re-appointment of Governors
- ◆ setting a framework for the pay and conditions of service of all other staff

Subject to the responsibilities of the Corporation, the Principal shall be the Chief Executive of the institution, and shall be responsible for:

- ◆ making proposals to the Corporation about the educational character and mission of the institution, and for implementing the decisions of the Corporation
- ◆ the organisation, direction and management of the institution and leadership of the staff
- ◆ the appointment, assignment, grading, appraisal, suspension, dismissal, and determination, within the framework set by the Corporation, of the pay and conditions of service of staff other than the holders of senior posts or the clerk where he/she is also a member of the staff
- ◆ the determination of the institution's academic activities, and the determination of its other activities
- ◆ preparing annual estimates of income and expenditure for consideration and approval by the Corporation, and the management of budget and resources within the estimates approved by the Corporation
- ◆ maintaining student discipline and, within the rules and procedures provided for within the Articles of Government, suspending or expelling students on disciplinary grounds, and implementing decisions to expel students for academic reasons

\*Remuneration Committee to review annually and make any recommendation for amendments to the Corporation (which retains final authority).

\*\*From 1 January 2019 senior post holder is defined as the Principal.

### **Finance and Resources Committee**

Membership	6 members including Chair of Corporation, and Principal
Quorum:	3 members of the Committee who are also members of the Corporation.
Frequency of Meetings	At least once a term. (to precede Full Board)
Term of Office:	identical to term of membership of the Corporation although members may resign from the Committee without resigning from the Corporation.

#### **Terms of Reference**

- to act on behalf of the Corporation in matters delegated to the Committee by the Corporation
- making recommendations to the Corporation on:
  - (a) the audited financial statements
  - (b) the annual estimates of income and expenditure
  - © major variations of expenditure
  - (d) capital expenditure requirements, including loans
  - (e) the college accommodation strategy
- ◆ reviewing arrangements for securing value for money, solvency and safeguarding of assets
- ◆ approving capital expenditure within the approved programme and monitoring

projects

- ◆ determining tuition and other fees
- ◆ determining and reviewing annually the College Investment, Treasury Management and borrowing policies
- ◆ to monitor sub-contracting provision, to include financial data, fees and charges
- ◆ to monitor IT strategy and services
- ◆ to monitor Freedom of Information and GDPR Management. To receive an annual report (summer term)
- ◆ to monitor HR Management. To receive an annual report on key issues (eg) gender, pay, age, profiles and staff well-being (summer term)
- ◆ to monitor Estates management and strategy. To receive bi-annual reports (autumn and summer term)

### **Members as at 1 March 2021**

Mrs Sue Anderson - Chair

Mr Tony Day – Principal

Mr David Farrow

Ms Thelma Probert

Mr Phil Leyland

Mr Saqib Rashid

### **In Attendance**

Ms Jo Lawrence - Vice Principal, Student Services, Welfare and Progression

Mr Norman MacDonald - Executive Director of Finance

Ms Anne Barker - Clerk to the Corporation

College staff as appropriate to items under review.

### **Audit Committee**

Membership	5 members (the majority of whom must be governors), excluding the Chair of Corporation, the Principal, staff or student governors and any members of the Finance and Resources Committee. Collectively, members should have recent, relevant experience in risk management, finance and audit and assurance.
Quorum:	2 members of the Committee who are also members of the Corporation.

Frequency of Meetings	At least once a term.
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The College is required by the Instrument and Articles to establish: “a committee to be known as the Audit Committee to advise on matters relating to the Corporation’s audit arrangement and systems of internal control.

The College is required by the Condition of Funding Agreement with the Education and Skills Funding Agency\* and by the Audit Code of Practice to establish an Audit Committee. The Committee must operate in accordance with the requirements specified by the funding body.

The Committee is independent, advisory and reports to the Corporation. It has the authority to investigate any activity within its terms of reference and the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit.

The Committee must not adopt an executive role.

*\*or their successors and other funding bodies.*

The Terms of Reference of the Audit Committee are to:

- ◆ assess and provide the Corporation with an opinion on the adequacy and effectiveness of the college’s assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency and the safeguarding of assets
- ◆ advise the Corporation on the appointment, reappointment, dismissal and remuneration of the external auditor, reporting accountant, internal audit (as applicable) and other assurance providers, (as applicable), and establish that all such assurance providers adhere to relevant professional standards
- ◆ ensure that there is a policy in place for regular re-tendering of the internal and external audit service.
- ◆ inform the Corporation of any additional services undertaken by any of the assurance providers and to monitor the implementations arising from their reports and explain how independence and objectivity are safeguarded
- ◆ consider and advise the Corporation on the audit strategy and the audit needs assessment and annual internal audit plans for the internal audit service
- ◆ develop, consider and advise the Corporation, in conjunction with College management, on the Board Assurance Framework and Risk Register
- ◆ consider and advise the Corporation on relevant reports by the ESFA or their successors and other funding bodies, and where appropriate management's response to these
- ◆ establish, in conjunction with College management, relevant *annual* performance measures and indicators and to monitor and review the effectiveness of the internal audit service and financial statements auditor through these measures and indicators and decide, based on this review, whether competition for price and quality of the audit service is appropriate
- ◆ monitor, within agreed timescales, the implementation of recommendations arising from the management letters and reports of the financial statements and regularity



auditor, and the implementation of agreed recommendations of any reports submitted by other providers of audit and assurance services to the College

- ◆ produce an annual report for the Corporation summarising the Committee's activities relating to the financial year under review, including
  - a summary of the work undertaken by the committee during the year
  - the number of meetings held in the year, and attendance records for each Audit Committee member
  - any significant issues arising up to the date of preparation of the report
  - and any significant matters of internal control included in the management letters and reports from auditors or other assurance providers
  - details of the date of appointment of the external auditors and the remaining term of the contract
  - the Committee's view of its own effectiveness and how it has fulfilled its terms of reference
  - the Committee's opinion on the adequacy and effectiveness of the college's assurance arrangements, assurance over subcontracting, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets.

The annual report must be submitted to the Corporation before the Statement of Corporate Governance and Internal Control in the Financial Statements is signed. A copy of the Audit Committee's annual report must be submitted to the relevant funding body with the Financial Statements.

- ◆ oversee the college's policies and processes around fraud, irregularity, impropriety and whistleblowing, and ensure
  - the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity;
  - that investigation outcomes are reported to the Audit Committee;
  - that the external auditors (and internal auditors where appointed) are informed of investigative outcomes and other matters of fraud, impropriety and that appropriate follow-up action has been planned/actioned
  - that all significant cases of fraud or suspected fraud, theft, bribery, corruption, irregularity, major weakness or breakdown in the accounting or other control framework are reported to the Chief Executive of the appropriate funding body as soon as possible
  - that risks around fraud have been identified and controls put in place to mitigate them
- ◆ oversee review of the Financial Regulations annually (spring term) and advise the Corporation on any revisions
- ◆ receive assurance from College management annually (summer term) on the processes around GDPR and Health and Safety management. To receive timely report/s on any data breaches, GDPR issues and health and safety incidents
- ◆ Subcontracting audit

- ◆ Consider the development of members and put in place appropriate training to ensure their skills and knowledge are up to date. Where the Audit Committee identifies a gap in its existing skillset, training and development should be provided to address this in the first instance.

### **Membership**

Mrs Rubina Chaudary (Chair)  
 Ms Sharon Birdi  
 Mr David Jones - co-opted  
 Vacancy \* 2

### **In Attendance**

Mr Norman MacDonald – Executive Director of Finance  
 Ms Anne Barker - Clerk to the Corporation  
 Mrs Rosie Shale – Assistant Principal College Operations  
 Internal Auditors (for some items)  
 Financial Statement Auditors (for some items)  
 College staff as appropriate to items under review.

## **Remuneration Committee**

Membership	4 members excluding the Principal, staff and student governors
Chair	A member of the Committee other than the Chair of the Corporation with the approval of the Corporation
Quorum:	2 members
Frequency of Meetings	Usually twice a year

### **Terms of Reference**

- ◆ The Remuneration Committee will discuss the annual remuneration of the senior post holder\* and make recommendations to the Full Board. The senior post holder, student, parent/carer/guardian, and staff governors must leave the meeting whilst the Full Board discuss recommendations.
- ◆ There is no right to appeal by the senior post holder
- ◆ The committee will discuss salary related issues for senior post holder (i.e. performance related pay) and make recommendations to Full Board. The senior post holder, student, parent/carer/guardian, and staff governors must leave the meeting whilst the Full Board discuss recommendations.

- ◆ The Committee will review the job description for the senior post holder and make recommendations for any amendments to the Corporation annually, whilst the Corporation retains the final authority.
- ◆ The Committee will provide an annual report to the Corporation.
- ◆ The Committee is responsible for the regular review of the Policy for the Remuneration of the senior post holder.

\*The senior post holder is currently defined as the Principal only.

### **Membership**

Ms Thelma Probert – Chair  
 Mrs Sue Anderson  
 Mr Habib Rahman - Co-opted  
 Mr David Lee

### **In Attendance**

Mrs Yasmin Juwle - Executive Director of Human Resources (advisory capacity)  
 Ms Anne Barker - Clerk to the Corporation

## **Curriculum, Quality and Learning Committee**

Membership	5 members including Chair of Corporation, and Principal
Quorum:	3 members of the Committee who are also members of the Corporation.
Frequency of Meetings	At least once a term.

### **Terms of Reference**

- to act on behalf of the Corporation in matters delegated to the Committee by the Corporation;
- to review the curriculum that is offered and ensure it reflects the aims and aspirations of the College;
- to monitor students academic and pastoral experience;
- to consider and monitor sub-contracting provision, to include QA and student achievement, provision and contracts and to advise the Corporation;
- to monitor relevant and current QAA and OfSTED Inspection framework, College performance and Self-Assessment (in partnership with the Finance and Resources

Committee)

- to monitor the self-evaluation assessment and improvement planning processes especially as they relate to teaching, learning and assessment across the College;
- to evaluate the academic success of students and their progression to the next stage
- to evaluate the continuing professional development opportunities provided for all staff
- to review any other curriculum and learning issues, including resources, as directed by the Senior Leadership Team
- to establish and maintain links with external providers to ensure a progression route for students
- to review termly safeguarding reports and to take strategic oversight of the College's wider safeguarding arrangements

### **Membership**

Ms Wendy Sharples - Chair of Committee

Mrs Sue Anderson - Chair of Corporation

Ms Thelma Probert

Mr Tony Day - Principal

Mr David Lee

### **In Attendance**

Ms Jo Lawrence - Vice Principal, Student Services, Welfare and Progression

Ms Anne Barker - Clerk to the Corporation

Helen Cordell-Graham - Assistant Principal Curriculum (Vocational Studies)

Mr George Stylianau - Assistant Principal Curriculum (Academic Studies)

College staff, as appropriate, for individual agenda items.

### **Search Committee**

Membership	5 persons including the Chair of the Corporation and the Principal of the College, 2 members of the Corporation and 1 co-opted person who is not a Corporation member but who has been co-opted by the Corporation to represent the interest of the community.
Quorum:	3 members of the Committee
Frequency of Meetings	at least once a year

Term of Office:	For Corporation members the term of office is identical to term of membership of the Corporation although members may resign from the Committee without resigning from the Corporation For the co-opted member who is not a Corporation member the term of office is 2 years plus the period up to the first meeting of the Corporation after the completion of the two years.
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**Note:** Committee required under the Instrument and Articles of government (Article 5)- "the Corporation shall establish a committee, to be known as the Search Committee to advise on:-

- (a) the co-option or appointment of members, (other than as a student member); and
- (b) such other matters relating to membership and appointments as the Corporation may ask it to

The Corporation shall not –

- (a) co-opt or appoint any person as a member (other than as a student member) without first consulting and considering the advice of the Search Committee

The Search Committee was established in 1992 as part of the process of Incorporation of the College. It was formally established on 13 May 1992, and was formally reconvened at the meeting of the Corporation's Full Board held on 26 June 1995. The Committee has met on many occasions since June 1995, and has continued to carry out the duty of identifying potential members of the further education corporation.

In the light of Nolan's Second Report and also AOC bulletin 19/96 during the summer of 1997 the internal audit service made a number of recommendations about ways in which the College should strengthen its procedures and practices. One of these recommendations was that the role and terms of reference of the Search Committee should be clarified. In the Full Board held on 27 November 1997 the following terms of reference for the Search Committee were approved (Full Board minute FB/97/8/5).

### Constitution

The Search Committee will be a Committee of the Corporation, and shall have the power to make recommendations to the Corporation concerning potential members of the Corporation. The Corporation will remain the appointing body in relation to the appointment of any member of the Corporation other than an independent member.

## Terms of Reference

- (a) The Search Committee shall consider all nominations for all membership of the Corporation. The process will also apply to re-nominations. They shall ask all nominees to:
  - (i) complete an application form or supply a curriculum vitae giving relevant personal and professional details
  - (ii) provide details of any convictions
  - (ii) provide details of any current or previous experience in governance of schools or colleges
- (b) The Search Committee shall consider personal and professional references on nominees. Nominees will be required to apply for a Disclosure Barring Service (DBS) check although a criminal record will not necessarily be a bar to recommendation/appointment as a Governor. All information covered in (a) and (b) will be confidential to members of the Board, including the Principal but excluding student, parent/carer/guardian and staff members.
- (c) When the information outlined above under (a) and (b) has been collated the Search Committee may invite the nominee to attend an interview with, at minimum, the Chair and Principal. All information and feedback from any interview will be considered by the Committee, who will then make a recommendation about the appointment of any nominee to the Corporation. The Corporation will make the decision whether to appoint any nominee to the Corporation, and will offer appointment to the nominee in writing, subject to satisfactory completion of required checks.
- (d) The Search Committee will advise the Corporation on, or be responsible for, determining the process by which all members of the Corporation are nominated and appointed.
- (e) The Committee will consider the results of the annual Skills Audit and anonymised data of the equality and diversity (E&D) composition of current governors. The Committee shall from time to time consider and make recommendations to the Corporation on the Corporations composition and balance, and on the procedures for appointment to the Corporation.
- (f) The Committee will formulate plans for succession for the Governing Body, and in particular for the key roles of Chair and Vice-Chair, a minimum of six months

prior to their stepping down at end of term of office. In doing so it will consider the challenges and opportunities facing the College, and the skills and expertise needed on the Corporation in future. It will make recommendations to the Corporation as appropriate.

- (g) The Search Committee will make recommendations to the Corporation concerning the membership, including the Chair, of all sub-committees in consultation with the Chair of these sub-committees. Governors are expected to serve on at least one sub-committee in support of the work of the Corporation.
- (h) The Committee shall develop and recommend to the Corporation policies and procedures for the induction, appraisal, training and governance development of Corporation members.
- (i) The Search Committee will review triennially the Standing Orders of the Corporation, the Terms of Reference of its Committees and the Code of Conduct for Governors. Any changes proposed will be subject to approval by the Corporation.
- (j) The Committee will review the membership and Terms of Reference for the Committee annually. Any changes proposed will be subject to approval by the Corporation.
- (k) The Chair of the Corporation shall Chair the Committee.
- (l) The Committee shall meet at least once per year and at other times as it considers necessary each year.

### **Membership**

Mrs Sue Anderson - Chair  
Mr Tony Day - Principal  
Ms Wendy Sharples  
Mr Habib Rahman (co-opted member)  
Vacancy \* 1

### **In Attendance**

Ms Anne Barker - Clerk to the Corporation

## **APPENDIX B: MAIN FEATURES OF THE PUBLIC INTEREST DISCLOSURE ACT 1998**

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### **SUMMARY**

The Act encourages people to blow the whistle about malpractice in the workplace and is designed to ensure that organisations respond by acting on the message rather than against the messenger. The Act applies to employees blowing 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 applies whether or not the information is confidential and extends to malpractice occurring in the UK and any other country or territory. In addition to employees, it covers College Governors, agency staff, contractors and consultants. Employment law restrictions on minimum length of service and age do not apply. At present, the 1998 Act does not cover the genuinely self-employed, volunteers, the army, intelligence services or police officers.

### **INTERNAL DISCLOSURES**

A disclosure in good faith to a manager or the employer will be protected if the whistleblower has a reasonable suspicion that the malpractice has occurred, is occurring or is likely to occur.

### **REGULATORY DISCLOSURES**

The Act protects disclosures made in good faith to prescribed bodies such as the Health and Safety Executive, the Financial Conduct Authority and HM Revenue & Customs, where the whistleblower has a reasonable belief that the information and their allegation(s) are substantially true.

### **WIDER DISCLOSURES**

Wider disclosures (eg to the police, the media, MPs, and non-prescribed regulators) are protected if, in addition to the tests for regulatory disclosures, they are reasonable in all the circumstances and they meet one of the three preconditions. Provided they are not made for personal gain, these preconditions are that the whistleblower:

- reasonably believed they would be victimised if they raised the matter internally or with a designated regulator
- reasonably believed a cover-up was likely and there was no regulator
- had already raised the matter internally or with a prescribed regulator.

An employee who makes a wide, public disclosure is more likely to be protected if there was no internal procedure set up.



## **FULL PROTECTION**

Not all disclosures made by an employee are protected under the Act. Those that are include criminal acts, health and safety violations, breaches of legislation and miscarriages of justice. However, such acts are only protected as long as the disclosure is made in good faith to the employer, or any other person authorised under a procedure set up by the employer for this purpose. (Disclosures can also be made to appropriate regulatory bodies, such as the Health and Safety Executive.) Where an employee reasonably suspects malpractice (and this includes any crime), they will be protected from victimisation where they raise the matter in good faith with a person who is legally responsible for whistleblowing.

## **QUALIFYING AREAS**

The qualifying areas consist of information that the employee reasonably believes tends to show one or more of the following matters is either happening now, took place in the past, or is likely to happen in the future:

- a criminal offence
- the breach of a legal obligation
- a miscarriage of justice
- a danger to the health or safety of any individual
- damage to the environment
- deliberate covering up of information tending to show any of the above five matters.

This list is not intended to be exhaustive.

## **APPENDIX C: THE SEVEN PRINCIPLES OF PUBLIC LIFE FROM THE REPORT OF THE COMMITTEE FOR STANDARDS IN PUBLIC LIFE**

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### **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 and 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.

## **APPENDIX D: SUMMARY OF PROTOCOLS FOR PROPOSED MAJOR CAPITAL EXPENDITURE OR DEVELOPMENT PROJECTS**

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Proposed major (above £200,000) capital expenditure or development projects should be supported by:

- A statement that demonstrates the project's consistency with the strategic plans and estates strategy approved by the Corporation.
- A statement on what the project is and what it hopes to achieve and that the project is within the College's powers under current legislation.
- An initial budget for the project for submission to the FRC. The budget should include a breakdown of costs including professional fees, VAT, borrowing costs and funding sources.
- A financial evaluation of the plans together with their impact on revenue plus advice on the impact of alternative plans.
- An investment appraisal in an approved format which complies with Funding Body guidance on option and investment appraisal where Funding Body grants have been approved and the appraisal requested
- A demonstration of compliance with normal tendering procedures and Funding Body regulations. This will require careful consideration where partnership arrangements are in place and where external consultants are managing the tender process.
- A cash flow forecast.
- Details of the market need and the assumptions (based on reference data) of the level of business available.
- Details of staffing requirement to deliver and manage the project, any premises and other resources required to deliver the project.
- Contingency and taxation plans

More detail on these protocols can be found in the College's Financial Procedures.

## **APPENDIX E: COLLEGE'S TENDERING PROCEDURES**

- 1.** The Financial Regulations require a formal tendering process on orders for goods or services estimated at being in excess of £50,000 excluding VAT in value. The requirements for a formal tendering process may be waived by the FRC for orders where it is impractical to follow a full tendering process, for example, in the case of an emergency repair. Where the requirement for a formal tendering process is waived, three written competitive quotations must be obtained where possible, the Financial Procedures for orders over £50,000 must be followed and the reasons for waiving the requirement to tender must be fully documented on a Single Tender Waiver Form (STW). Any STW completed forms must be tabled at the next Audit Committee meeting.
- 2.** Recommended current procurement practices include using consortiums and where appropriate consultants to manage the tender/order process. In such circumstances it is extremely complex to comply with the requirements of paragraph 9 below. Where consortiums/consultants or e-auctions are used then a full report will be prepared for the FRC.  
In the case of external organisations procuring energy, where quoted prices are only valid for a day, then a similar process must be followed in that a full report should be presented to the next FRC. In both cases the report should clearly demonstrate transparency and the availability of at least three quotations.  
The College currently utilises an external provider to manage our IT functions. The contract awarded envisaged that the provider uses a works order process for purchasing certain resources up to the overall contract value.
- 3.** Regard must be given to UK public procurement directives on the supply of goods and services and private finance initiatives, where appropriate.
- 4.** A full business plan and risk analysis must be presented to the members of the Corporation for all new ventures with a cost over £25,000. The risk analysis can be prepared by external consultants. All processes leading to the final decision must be fully documented and regular progress reports must be provided to the Corporation.
- 5.** Formal processes must demonstrate and record need, value for money, probity and propriety for all purchases over £50,000.
- 6.** Alternative specifications must be considered in arriving at the best specification to meet the needs of the College.
- 7.** Significant IT purchases must be in accordance with the College's IT strategy. Significant expenditure on buildings, property and refurbishments must be in accordance with the College's estates strategy. Approval of the overall College strategy by the Corporation does not replace the need for individual elements of that strategy to be brought to the Corporation for approval.

- 8.** At least 14-30 days notice (depending on the complexity of the contract) will be given for tenders, indicating the date that such tenders are to be received. This does not apply to tenders that are procured through the "Find a Tender Service" process. If there are not three suitable listed contractors, or if the FRC so determine, the invitation to tender will be advertised in a local newspaper or trade newspaper. In general tenderers should be selected on the basis of relevant experience and appropriate expertise. Where possible the College should use any existing purchasing consortium frameworks. There may be occasions when a consultant is recruited with experience of the sector that the College is tendering for.
- 9.** Tenders will be requested to be returned in unmarked envelopes marked "Tender" with contract description. The unopened tenders must be stored in a secure place until the opening procedure is initiated. On the final date the Principal, Vice Principal or Ex D of F will open the tender envelopes in the presence of the Clerk to the Corporation or a nominated member of the Corporation. A schedule of tenders received will be prepared by the Clerk to the Corporation and signed by the Principal, Vice Principal or Ex D of F who was present during the tender opening process. The tender schedule will provide details of the name of each company who has submitted a tender and the tender price. This process can, in certain circumstances, be undertaken by any external consultants to the project who must prepare a similar report on the tender opening process.
- 10.** The tender evaluation should be undertaken by at least two members of College staff, one of whom should be the person responsible for managing the tendering process. Technical evaluations on tender documents received must be undertaken by suitably qualified in-house staff or qualified external College's consultants.
- 11.** Decisions to lease must be based on a full cost benefit appraisal and if over £50,000 must be approved by the Corporation.
- 12.** A brief report on the tendering process and the outcome must be prepared for the FRC and the Corporation. This must fully justify any proposal to not choose the lowest price supplier.
- 13.** Every tendered contract will be written and shall specify the following:
  - the goods or services to be supplied or the work to be executed
  - the period within which the tendered contract is to be performed
  - such other conditions and terms as may be agreed between the parties.
- 14.** Guidance should be sought from the College's solicitor on tenders if deemed necessary in appropriate cases. Tendered contracts shall provide for payment of liquidated damages by the contractor where they fail to complete the contract within the time specified. College solicitors should be used to review actual contracts.
- 15.** All tendered contracts must state that all goods and works must comply with any relevant British Standard or British Standard Code of Practice, enforced at the date of tender.

- 16.** All contracts will state that the College can cancel the contract, recovering any resulting losses, if the contractor or their employees or agents, with or without their knowledge:
  - does or has done anything improper to influence members of the Corporation or employees of the College to give them the contract
  - commits an offence under the Anti Bribery Act 2010.
  
- 17.** All tendered contracts for goods or services of a value over £50,000 will have a project manager designated by the College to monitor the delivery of the contract once the tender has been accepted. The role will include contract meetings and compliance with financial data.
  
- 18.** The acceptance by staff of gifts or hospitality from potential contactors is inappropriate at any time.