



Financial Regulations

Policy Area:

Finance

Policy Lead:

Executive Director Finance

Approved By:

Governing Board

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1. Introduction

- 1.1. The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Sussex Coast College Hastings. On 29 March 2018 the assets and liabilities of Sussex Downs College were transferred to Sussex Coast College Hastings on the merger of the two organisations. The name change to East Sussex College Group (ESC) was approved by the Department of Education with effect from 16 April 2018.
- 1.2. Its structure of governance is laid down in the Instruments and Articles of Government. The college is accountable through its Governing Board, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.3. The college has been established as an exempt charity by virtue of the [Further and Higher Education Act 1992](#) and the [Charities Act 2011](#). This means that the college has the privileges of charitable status (including exemption from income and corporation tax on most of its activities) without being required to register with or submit accounts to the Charities Commission. Therefore, the college has no charity number.
- 1.4. The financial contracts between the funding bodies and the college set out the terms and conditions on which grant is made. The Governing Board is accountable for ensuring that conditions of grant are met. As part of this process, the college must adhere to the [Post-16 audit code of practice](#), which requires it to have sound systems of financial and management control. These financial regulations form part of this overall system of accountability.

2. Status of the Financial Regulations

- 2.1. This document sets out the college's financial regulations. It applies to both the college and its subsidiary company.
- 2.2. These financial regulations are subordinate to the college's Instruments and Articles of Government and to any restrictions contained within the [funding agreements and contracts](#) and audit code of practice issued by the funding bodies to the college.
- 2.3. The purpose of these financial regulations is to provide control over the totality of the college's resources and to provide the management of the college with assurances that these resources are being properly applied for the achievement of the college's strategic plan and business objectives. The underlying financial objectives include:
 - 2.3.1. Financial viability.
 - 2.3.2. Achieving value for money.
 - 2.3.3. Fulfilling its responsibility for the provision of effective financial controls over the use of public funds.
 - 2.3.4. Ensuring that the college complies with all relevant legislation.
 - 2.3.5. Safeguarding the assets of the college and ensuring its solvency.
- 2.4. Compliance with the financial regulations is compulsory for all staff and Governing Board members 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 Governing Board will be notified of any material breach through the Audit, Risk & Compliance Committee. It is the responsibility of employing managers to ensure that their staff are made aware of the existence and contents of the college's Financial Regulations.

- 2.5. The Governing Board is accountable for maintaining a continuous review of the Financial Regulations through the Chief Operating Officer (COO) and for making any additions or changes necessary.
- 2.6. In exceptional circumstances, the Governing Board may authorise a departure from the detailed provisions contained herein. The Audit, Risk & Compliance Committee may also authorise a departure from the detailed provisions herein; such departure to be reported to the Governing Board 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 separate policy documents, which are available to all staff.
- 2.8. These regulations are additional to United Kingdom and European Union legislation, orders and directives.
- 2.9. The financial regulations are an integral part of the college's risk management framework. Other important documents include the Financial Memorandum, the Audit Code of Practice and the college's Risk Management Policy.
- 2.10. All references to ESC include the trading subsidiary Plaza Trading Hastings Limited.

3. Financial responsibilities

- 3.1. The Governing Board is accountable for the overall financial management of the college and any subsidiary companies. It may, however, delegate such powers as it considers appropriate to an authorised sub-committee set up within the terms of the Instruments and Articles of Government, or to the Chief Executive Officer (CEO).
- 3.2. The Governing Board's financial responsibilities are to:
 - 3.2.1. Ensure the solvency of the college and the safeguarding of the college's assets.
 - 3.2.2. Appoint, grade, suspend, dismiss and determine the pay and conditions of service of the CEO and other senior post-holders.
 - 3.2.3. Set a framework for pay and conditions of service of all other staff.
 - 3.2.4. 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.
 - 3.2.5. Approve the appointment of external auditors and an internal audit service.
 - 3.2.6. 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.
 - 3.2.7. Ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution.
 - 3.2.8. Approve an annual budget before the start of each financial year.
 - 3.2.9. Determine tuition fees.
 - 3.2.10. Ensure that the college complies with the funding body's joint audit code of practice.
 - 3.2.11. Approve the college's financial plan, strategic plan and financial statements.
- 3.3. The Terms of Reference for the Governing Board and its sub-committees define respective financial responsibilities.

- 3.4. The CEO is the college's designated Accounting Officer and is accountable for ensuring the financial administration of the college's affairs in accordance with the Financial Memorandum. As the designated Accounting Officer, the CEO may be required to justify any of the college's financial matters to the Public Accounts Committee at the House of Commons (or equivalent bodies in Scotland and Wales).
- 3.5. Financial administration is controlled by the COO who is accountable to the CEO for:
 - 3.5.1. Preparation of annual capital and revenue budgets and financial plans, along with detailed cash flow forecasts.
 - 3.5.2. Preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations.
 - 3.5.3. Preparing the college's annual accounts and other financial statements and accounts, which the college is required to submit to other authorities.
 - 3.5.4. Ensuring that the college maintains satisfactory financial systems for all financial transactions of the college.
 - 3.5.5. Ensuring relevant controls and policies are in place.
 - 3.5.6. Providing professional advice on all matters relating to financial policies and procedures.
 - 3.5.7. Day-to-day liaison with internal and external auditors in order to achieve efficient processes.
 - 3.5.8. Managing the college's finance and payroll teams.
- 3.6. Members of the Executive team (Exec) are accountable to the CEO for financial management for the areas or activities that are delegated to them. This includes the economic, effective and efficient use of resources allocated to them. They are advised by the Executive Director of Finance (EDF) in executing their financial duties. The EDF will supervise and approve the financial systems operating within departments, including approval of Budget Holders and the form in which accounts and financial records are kept. Directors/Heads of Department are accountable for establishing and maintaining clear lines of responsibility within their department for all financial matters including delegation of budgets. Where resources are devolved to Budget Holders, they are accountable to their member of Exec for their own budget.
- 3.7. Members of Exec and Directors/Heads of Department shall provide the EDF with such information as may be required to enable:
 - 3.7.1. Preparation of the college's financial statements.
 - 3.7.2. Preparation of the annual budget and in-year forecast outturns.
 - 3.7.3. Implementation of financial planning.
 - 3.7.4. Implementation of audit and financial review, projects and value for money studies.
- 3.8. All members of staff are required to comply with these Financial Regulations:
 - 3.8.1. They 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.
 - 3.8.2. They should ensure that they are aware of the college's financial authority limits and the values of purchases for which quotations and tenders are required.
 - 3.8.3. They are expected to make available any relevant records or information to the EDF or

their authorised representative in connection with the implementation and maintenance of the college's financial policies, these financial regulations and the system of financial control.

- 3.8.4. They shall provide the EDF with such financial and other information as they may deem necessary, from time to time, to carry out the requirements of the Governing Board.
- 3.8.5. All members of staff shall immediately notify the EDF and COO whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, or property of the college. The COO shall take such steps as considered necessary by way of investigation and report.
- 3.8.6. The Director of Governance is the nominated individual for any allegations against the COO and/or EDF with regard to fraudulent activity.
- 3.9. The COO is accountable for reviewing the Financial Regulations and for presenting a revised version to the Governing Board on an annual basis.
- 3.10. The COO is also accountable for ensuring that the financial information requirements of the regulators and the banks are met. Any failure to meet these deadlines is reported to the CEO, together with an explanation for the delay.

4. Strategic planning

- 4.1. The COO is responsible for preparing and reviewing annually a five year financial plan for approval by the Governing Board. The EDF is responsible for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans and property strategy approved by the Governing Board.

5. Budgeting

- 5.1. The CEO, in consultation with the COO, is accountable to the Governing Board for preparing each year the annual revenue budget and capital programme. The annual budget shall be considered and approved by the Governing Board prior to 31 July each year for the following financial year.
- 5.2. The Governing Board shall not delegate the approval of the annual budget and will approve the budget by resolution.
- 5.3. The CEO and COO are empowered to designate members of staff as Budget Holders. Budget Holders shall be accountable for the control and monitoring of expenditure within budgets allocated to them.
- 5.4. The CEO shall be accountable to the Governing Board for effective budgetary control within the approved revenue and capital budgets.
- 5.5. The EDF must ensure detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Budget Holders as soon as possible following the approval by the Governing Board.
- 5.6. The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants or capitalised for including in the college's financial statements.
- 5.7. Subject to this overriding requirement, the EDF will establish protocols for the inclusion of capital projects in the capital programme for approval by the Governing Board. 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. The EDF will also establish procedures for the

approval of variations including the notification of large variations to the funding bodies, as laid down in funding bodies' guidelines.

- 5.8. The EDF will report on progress against approved capital plans of disposals and expenditures on a monthly basis within the college's management accounts.
- 5.9. Following completion of a capital project a post-project evaluation or final report should be submitted to the Governing Board, 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.
- 5.10. The control of income and expenditure within an agreed budget will be the responsibility of the designated Budget Holders, who will ensure that day to day monitoring is undertaken effectively. The Budget Holders will be assisted in this duty by management information provided by the EDF, and regular meetings where income and expenditure for which the Budget Holder is responsible are discussed. Budget Holders are accountable for establishing and maintaining clear lines of responsibility within their areas for all financial matters.
- 5.11. Budget Holders may be granted permission to transfer (vire) monies between cost centres within the same department. Authority for this should be obtained in advance from the EDF. Virement limits are set out in Appendix 1.
- 5.12. Any potential departure from agreed budgetary targets must be reported immediately to the EDF by the Budget Holder concerned and, if necessary, corrective action taken.
- 5.13. The CEO or COO may authorise transfers between income and expenditure costs centres and capital projects provided that:
 - 5.13.1. The budgeted operating surplus will not be reduced during the financial year.
 - 5.13.2. There will be no additional financial commitment, as a result, in subsequent financial years.
 - 5.13.3. The amount transferred is less than 5% of the college's overall budgeted expenditure for the year.
 - 5.13.4. Virements of capital projects will be limited as specified in Appendix 1.
- 5.14. Transfers greater than 5% require the authorisation of the Governing Board.
- 5.15. Any increase in budgeted expenditure will be authorised as specified in Appendix 1. In urgent cases the Chair of the Governing Board and the CEO jointly have power to act on behalf of the Governing Board, in discussion with the Chair of the Resources, Culture & Impact Committee if practicable. Such action will be reported to the Governing Board at the earliest opportunity.

6. Financial information

6.1. Annual Financial Statements

- 6.1.1. A Statement of Accounts is to be prepared in accordance with the requirements of the Statement of Recommended Practice (SORP) for the sector.
- 6.1.2. The accounts are to be prepared and reported to a Governing Board meeting within five months of the year-end date. Audited accounts are to be provided to the ESFA no later than five months after the year end.
- 6.1.3. Any significant adjustments found as a result of the external auditor's work are to be

reported to the Audit, Risk & Compliance Committee.

6.2. **Management Accounts**

- 6.2.1. Management accounts are to be prepared on a monthly basis by the EDF. Detailed management accounts will be distributed to Exec, the Senior Leadership Team (SLT) and governors, normally by the tenth working day of the following month. The latest accounts summarised at an appropriate level to be provided to the Resources, Culture & Impact Committee and to the Governing Board at each meeting.
- 6.2.2. A forecast outturn will be undertaken at the appropriate points of the financial year and reported in the management accounts, the results of which will be reported to the Governing Board.
- 6.2.3. An annual statement comparing the actual financial results with the forecast outturn will be presented to the Governing Board.
- 6.2.4. Budget Holders will receive a monthly summary of their cost centre(s), together with detailed reports on request.

7. College financial operations

7.1. **Income**

- 7.1.1. The EDF is accountable 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 must have the approval of the EDF.
- 7.1.2. ESFA funding is reliant on statistical returns made by the college to the ESFA regarding its students and their learning programmes – the ‘Individualised Learner Record’ (ILR). The CEO (or nominated deputy) is accountable for the auditable administrative processing of student records data in order to meet the requirements of the ESFA, including that such processing and resultant records are audited annually for accuracy and completeness by the college’s external auditors, and that such returns are despatched to the ESFA in a timely manner. Budget Holders are accountable for providing to the CEO (or nominated deputy), in such format and to such timetable as they shall require, all student record data regarding students for whose learning activities they are accountable.
- 7.1.3. Budget Holders shall furnish such particulars of charges for work done, goods supplied, or services rendered on behalf of the college and all amounts accruing due as the EDF may require, in order to ensure that there is prompt recording of all sums receivable by the college. Budget Holders are accountable for ensuring that all necessary supporting documentation (copies of agreements, contracts, etc.) are provided to the Finance department to enable accurate recording and timely invoicing of all sums due to the college.
- 7.1.4. Monies due shall be requested on college invoices issued by the Finance department. Other staff or officers are not permitted to deal directly with this matter unless agreed by the COO or EDF.
- 7.1.5. Appropriate debt recovery procedures shall be determined by the EDF. The EDF (or their nominee) shall be accountable for taking appropriate action to recover debts properly due to the college. An aged analysis of debts outstanding shall be reported each month in the management accounts. The EDF will submit details of any write-off of any individual or cumulative bad debts to the Governing Board for authorisation in line with the government publication [Managing Public Money](#). Individual debts below

this level may be written off in accordance with the limits specified in Appendix 4 to these regulations. Under Managing Public Money regulations, Department for Education (DfE) consent to a write off is also required if the individual loss/write off exceeds 1% of annual income or £45,000 individually (whichever is smaller) or 5% of annual income cumulatively (subject to a £250k cumulative ceiling).

- 7.1.6. Directors and Heads of Departments are accountable for ensuring that the arrangements for monies received including banking and security comply with the procedures issued by the college.
- 7.1.7. Every sundry remittance or sum of money in excess of £5 received by an officer of the college must be acknowledged by the issue of an official receipt. Cheque payments must be supported by a cheque guarantee card and the card number noted on the back of the cheque.
- 7.1.8. All tuition fees, charges, rents and lettings shall be reviewed annually in consultation with the COO, and recommendations relating thereto shall be incorporated in the proposed annual budget presented to the Governing Board.
- 7.1.9. The procedures for collecting tuition fees must be approved by the EDF, and the EDF is accountable for ensuring that all student fees due to the college are received.
- 7.1.10. Students paying for their own programme of learning at the college are required to pay their fees on enrolment; they do not therefore require an invoice, but a copy of their computer-generated enrolment form acts as a receipt for their payment. Some high-value fees can be paid in instalments using card payments, by BACS transfer or direct debit mandate. Such agreements must be set up using the college's Staged Payment Agreement Form, a copy of which must be sent to the Finance department.
- 7.1.11. Any student who has not paid an account for fees owing to the college may be withdrawn from the college, prevented from re-enrolling at the college and from using any of the college's facilities unless appropriate arrangements are agreed for payment of outstanding fees.
- 7.1.12. Disbursement from the Learner Support Fund is the responsibility of the CEO (or nominated deputy) within the framework agreed by the EDF and the manager(s) accountable for the allocation of payments to students. The EDF must ensure that appropriate controls are in place for the control, accounting and disbursements of these funds, and for the submission of such reports as are required by the funding body.
- 7.1.13. Any requests for credit notes to be raised will be authorised in line with the college's Credit Notes Authorisation Procedure.

7.2. **Expenditure**

- 7.2.1. Official orders shall be issued for all works, goods and services using the college's finance system, except for such items as recurring charges for public utilities, periodic payments, credit card purchases, petty cash purchases and any other exceptions approved by the EDF. Budget Holders are not authorised to commit the college to expenditure without first reserving funds from their budget to meet the purchase cost.
- 7.2.2. All staff and governors are to maintain professional standards in any and all dealings with suppliers and are expected to work together for the best overall benefit to the college.
- 7.2.3. Where expenditure is approved by the Governing Board and minuted accordingly, authority to raise appropriate purchase orders is automatically delegated to the CEO and COO. Purchase orders and invoices may be authorised by the CEO or COO without

further reference to the Governing Board. All requests for expenditure outside of the budget or business plans approved by the Governing Board must be agreed in advance with the COO and CEO and be approved by the Governing Board.

- 7.2.4. Official orders shall not be raised for any personal or private purchases, nor shall personal or private use be made of college contracts.
- 7.2.5. No staff member shall engage any supplier of goods or services in which they have a pecuniary, family, or other interest, direct or indirect without first seeking the prior written approval of the CEO or COO. A duly completed Value For Money Form must be provided to the COO in all such cases.
- 7.2.6. Any staff member or governor who has any pecuniary, family or other interest, direct or indirect, in any supplier of goods and services to the college, shall be accountable for completing a Register of Interests Form.
- 7.2.7. Official orders must be authorised online by Budget Holders as appropriate. The EDF shall maintain a register of authorised Budget Holders, together with authorisation codes as appropriate.
- 7.2.8. Directors with responsibility for capital projects are accountable for ensuring that the appropriate approvals and funds are in place (including where necessary the ESFA and banks) before commitment is made. This should be in consultation with the EDF.
- 7.2.9. Each order must clearly indicate the nature and quantity of the supplies or services required, the estimated price including VAT and any agreed discounts and other relevant details. Purchase order sare to state the agreed payment terms (normally net 30 days) and that suppliers should send their invoices in the first instance to the Finance department (purchase ledger team).
- 7.2.10. All contracts or orders entered into on behalf of the college must be signed by an authorised signatory and authorised as specified in Appendix 1. This can be done electronically.
- 7.2.11. The EDF will submit an annual report to the Governing Board showing all suppliers where total payment in the preceding financial year has exceeded £250,000.
- 7.2.12. Any combination of items which form a scheme or project must be treated as an individual contract or order for authorisation purposes. Where there is any doubt as to whether any combination of items constitutes a scheme or project, then the direction of the EDF or the COO must be sought.
- 7.2.13. The college will comply with the provisions of the [Modern Slavery Act 2015](#) (see the college's Modern Slavery & Human Trafficking Statement, available on the website and intranet).
- 7.2.14. Novel, contentious and repercussive transactions: novel transactions are those of which the college has no experience or are outside its range of normal business. Contentious transactions are those that might cause criticism of the Governing Board by parliament, the public or the media. Repercussive transactions are those likely to cause pressure on other colleges or other parts of the public sector to take a similar approach and hence have wider financial implications. Transactions by the college that may be considered novel, contentious and/or repercussive must always be referred to DfE for prior approval. If supported, DfE will refer to HM Treasury for final consent.
- 7.2.15. The procedures and financial limits for obtaining estimates shall be as stated in the table below (the value thresholds referred to throughout the Financial Regulations are inclusive of VAT).

Procedures and financial limits for obtaining estimates for supplies of goods and services

Value of purchase order	Requirements
Up to £10,000	<ul style="list-style-type: none"> • Budget Holders shall use good sense as to the need to obtain competitive quotes from suppliers. • Orders up to £5k will be spot checked by the Procurement Officer. • Orders up to £10k will be spot checked by the Finance Manager.
From £10,000 up to £100,000	<ul style="list-style-type: none"> • Three written quotations are required unless agreed by the COO or CEO. • Efforts should be made to obtain quote(s) using the college's Procurement Policy. • These quotations must be retained by the Budget Holder and attached to the finance system.
Over £100,000 up to UK procurement threshold	Three written quotations are required and, in all cases, must be approved by either the COO or CEO.

Procedures and financial limits for obtaining estimates for works

Value of purchase order	Requirements
Up to £10,000	<ul style="list-style-type: none"> • Budget Holders shall use good sense as to the need to obtain competitive quotes from suppliers. • Orders up to £5k will be spot checked by the Procurement Officer. • Orders up to £10k will be spot checked by the Finance Manager.
From £10,000 up to £100,000	<ul style="list-style-type: none"> • Three written quotations are required unless agreed by the COO or CEO. • Efforts should be made to obtain quote(s) using the college's Procurement Policy. • These quotations must be retained by the Budget Holder and attached to the finance system.
Over £100,001 to £5,336,937	A minimum of three competitive tenders shall be obtained unless the Governing Board approves that the invitation of tenders be waived. (The tendering procedures are outlined in Appendix 3).
Over £5,336,937	UK procurement rules apply (advice should be sought from the EDF).

- 7.2.16. When applying the above limits, the "value of purchase order" for those orders which relate to the continuous supply of goods or services over several years will be the total value over the period of supply.
- 7.2.17. Orders or purchases must not be broken down into a series of smaller transactions in order to stay below an authority limit.
- 7.2.18. The EDF shall be accountable for the arrangements for the examination, verification and certification of invoices for payment and for the allocation of expenditure to the relevant budget.
- 7.2.19. All invoices shall be authorised online by the relevant Budget Holder.
- 7.2.20. All invoices in respect of capital building projects shall be authorised by the appointed

project manager or the EDF.

7.2.21. The EDF will be accountable for the payments of all invoices. Payments will not be made against documents other than invoices. Payment will only be made against invoices as follows:

7.2.21.1. Subject to paragraph 7.2.1, invoices for which an official order has been raised and the invoice does not exceed the order value.

7.2.21.2. Invoices which have been certified for payment by the appropriate Budget Holder. The Budget Holder is accountable for ensuring that they, or their nominated representative, receipts the goods electronically within the finance system. By certifying an invoice for payment, the Budget Holder is stating:

- i. That the goods or services have been received
- ii. That the goods comply with the details on the college's order
- iii. That the goods are of acceptable quality

Where i, ii, or iii cannot be certified, the Budget Holder must report in writing any discrepancies to both the supplier and the Finance department within 24 hours of receipt.

- iv. That the invoice details (quality, price, discount) are correct.
- v. That the invoice is arithmetically correct.
- vi. That the invoice has not previously been passed for payment (i.e. that it is not a duplicate request for payment).
- vii. That the invoice quotes the appropriate cost centre and account code.

7.2.21.3. The EDF will be accountable for ensuring that adequate controls are in place for electronic payments (BACS, CHAPS), for credit cards and that cheques are stored securely and for maintaining a register of used and unused cheques.

7.3. **Late Payment of Commercial Debts (Interest) Act 1998**

7.4. The [Late Payment of Commercial Debts \(Interest\) Act 1998](#) was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. The EDF is responsible for ensuring that properly approved invoices are paid according to supplier terms to prevent interest being charged on overdue invoices.

7.5. **Accounting arrangements**

7.5.1. The college's financial year runs from 1 August until 31 July of the following year.

7.5.2. The financial statements are prepared on a historical cost basis as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

7.5.3. The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP) *Accounting for Further and Higher Education*, subject to any specific requirements of the regulator, and in accordance with the provisions of the [Companies Act 2006](#).

7.5.4. The coding structure (cost centre, account and project codes) will be provided by the EDF with a view to the preparation of appropriate and efficient management information to all users.

- 7.5.5. The opening of new account codes or cost centres shall be actioned by finance staff after approval by the EDF.
- 7.5.6. Budget Holders and other personnel shall furnish information, to a timetable determined by the EDF (or their nominee) each period, to assist the closing of the college's accounts.
- 7.5.7. The duties of providing information regarding sums due to or from the college and of calculating, checking and recording those sums shall be separated so far as possible from the duty of collecting and disbursing them.
- 7.5.8. Staff charged with the duty of examining and checking the accounts of cash shall not themselves be engaged in those transactions.
- 7.5.9. For the purposes of clear segregation of duties, journals will be entered by members of the Finance team and authorised by the agreed independent Finance team member, depending on the type of journal. No journals can be entered and authorised by the same staff member.

7.6. Salaries and wages

- 7.6.1. The CEO shall be accountable for the appointment of all staff, other than all Senior Post Holders who will be appointed by the Governing Board.
- 7.6.2. The Director of People shall be accountable for the maintenance of all personnel records and for the provision of relevant information to enable all salaries, wages, pensions and other emoluments to be paid.
- 7.6.3. The preparation of payrolls and the payment of salaries, wages and other emoluments to college staff shall be undertaken in accordance with arrangements approved by the EDF. All remuneration payments must be made through the college's payroll unless an alternative arrangement has been agreed in writing with the CEO.
- 7.6.4. All advances and loans will be authorised by the EDF who will agree the deductions from the staff member's pay, except for the college schemes listed below. These will only be approved in exceptional circumstances and written consent for these deductions will be obtained from the staff member before payment of any advance.
- 7.6.5. The college offers interest free loans to employees for payment of season tickets. The college also participates in a salary sacrifice scheme to provide a cycle and/or safety equipment for staff members for active travel under the government's cycle to work scheme.
- 7.6.6. The EDF is accountable for day-to-day pension administration including:
 - 7.6.6.1. Paying of contributions to authorised pension schemes.
 - 7.6.6.2. Preparing the annual returns to the pensions scheme.
- 7.6.7. Time records or other pay documents shall be in a form agreed by the EDF and shall be certified by the appropriate line manager and Budget Holder.
- 7.6.8. All staff members shall be paid according to the salary scales approved by the Governing Board. This includes the use of spot salaries as required. The Governing Board is accountable for the authorisation of any annual pay award which will result in a change to the salary scales.
- 7.6.9. Staff recruitment must be undertaken in accordance with the college's Recruitment & Selection Process.
- 7.6.10. All offers and letters of appointment, employment contracts, or variations in conditions

of service must be issued by the CEO, Director of People or an approved People Services representative. The Director of People will ensure that there are satisfactory arrangements in place to notify the Payroll team of all commencements, variations and terminations.

- 7.6.11. The engagement of hourly paid and third-party workers must only be undertaken in line with the agreed college procedure.
- 7.6.12. Severance payments shall only be made in accordance with the relevant legislation. Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose. Under the Managing Public Money regulations, the college has delegated authority to make individual severance payments, provided any non-statutory/non-contractual element is under £50,000 or under 3 months' salary, whichever is lower. Beyond this, DfE approval will be required. Furthermore, any proposed payments of whatever value that are linked to a non-disclosure agreement will also require DfE approval and, where supported will then be referred by them to HM Treasury for final consent. Additionally, in accordance with current guidance on public sector exit payments, the college must obtain prior DfE approval before making a special staff severance payment where an exit package (including a special severance payment) is at or above £100,000 and/or the staff member earns over £150,000.
- 7.6.13. Compensation payments provide redress for loss or injury, for example personal injuries, traffic accidents or damage to property. When considering any compensation payment the college will base its decision on a careful appraisal, including legal advice where relevant and ensure value for money. If the college concludes that a compensation payment should be made, it has delegated authority to approve individual payments provided any non-statutory/non-contractual payment is less than £50,000. For a payment greater than that sum, DfE's prior approval must be obtained. Ex gratia payments, which could include payments to meet hardship caused by official failure or delay and to avoid legal action due to official inadequacy, will always be referred to DfE for prior approval regardless of amount.
- 7.6.14. Alongside the Managing Public Money terms stated above all such payments shall be authorised by the CEO and calculations checked by the Director of People or COO. Any individual amounts in excess of £30,000 require approval by the Governing Board. In exceptional circumstances, this approval may be given by the Chair of the Governing Board in consultation with the CEO, to be reported to the next meeting of the Governing Board.
- 7.6.15. All matters referred to a formal employment tribunal shall be notified to the Governing Board at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

7.7. Expenses

- 7.7.1. Claims for expenses incurred by staff and governors in carrying out official duties shall be paid in accordance with the Expenses Policy. All expense claims must be submitted on the Expenses Claim Form.
- 7.7.2. Expense claims shall be authorised by the relevant line manager. No staff member may authorise their own expenses.
- 7.7.3. The expense claims of the CEO must be authorised by the Chair of the Governing Board before payment is made.
- 7.7.4. Expense claims submitted by governors must be authorised by the Director of

Governance in line with the Expenses Policy.

7.8. Overseas travel

- 7.8.1. Every proposed overseas visit costing £5,000 or more requires the approval of the Governing Board prior to the visit (and prior to any costs associated with the visit being committed). The Governing Board will be asked to approve the purpose of the visit and the estimated cost.
- 7.8.2. The college will not meet any cost relating to the spouse/partner of a staff member who accompanies them on a business trip.
- 7.8.3. Further information on overseas travel is included in the college's Expenses Policy.

7.9. Banking and petty cash

- 7.9.1. The Governing Board is accountable for the appointment of the college's bankers for the day-to-day banking services upon the recommendation of the EDF. The appointment may be for a specified period after which consideration shall be given by the Governing Board to competitively tendering the service.
- 7.9.2. The EDF is permitted to make banking arrangements and open bank accounts for treasury management purposes, provided that such accounts comply with the Cash Management Policy.
- 7.9.3. All cheques drawn on behalf of the college shall be signed in accordance with Appendix 2. Any changes in authorised signatories shall be approved by the CEO and notified to the Governing Board at the first available opportunity.
- 7.9.4. Petty cash floats shall be operated in accordance with the float's procedures approved by the EDF. Petty cash holders shall be accountable for the safe custody of the float.
- 7.9.5. All payments from petty cash, which shall not exceed £50 (unless approved by the EDF or nominee), must be supported by appropriate vouchers and records which shall be available for inspection at any time. Payments must not be broken down into a smaller series of transactions where the intention is to stay below the £50 threshold.
- 7.9.6. The EDF will be accountable for ensuring that all cash is handled in line with the college's Cash Handling Procedure and that appropriate levels of checks and balances are in place to any safeguard against any loss to the college.
- 7.9.7. The EDF is accountable for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.
- 7.9.8. Where appropriate, the COO or EDF may approve the issuing of GPC (Government Procurement Cards) cards to nominated staff. These cards are issued and managed as detailed in the college's GPC Policy.
- 7.9.9. All persons appointed to administer student funds including individual student trips must furnish a statement of receipts and payments to the Finance department in a timely manner (within 10 working days of the activity or at the time of claim/reimbursement of related expenses, whichever is earlier).

7.10. Assets and property

- 7.10.1. Budget Holders shall be accountable for the care and custody of all college assets in their area.
- 7.10.2. The disposal of fixed assets or surplus materials shall be authorised as specified in Appendix 1.

- 7.10.3. Budget Holders shall maintain appropriate procedures for the receipt, safe custody, issue and disposal of all goods.
- 7.10.4. The EDF must be provided with copies of all contracts, leases, deeds, agreements and similar legal documents.
- 7.10.5. Assets purchased by the college shall, so far as practicable, be effectively marked to identify them as college property.
- 7.10.6. Lessees and/or other prospective occupiers of college land or property shall not be allowed to take possession or enter the land or property until a lease or agreement, in a form approved by the college's solicitors, has been approved by the Governing Board.
- 7.10.7. The CEO is accountable for ensuring the proper security of all buildings and other assets.
- 7.10.8. No college assets shall be subject to personal use by a staff member without the authority of the CEO.
- 7.10.9. The EDF shall determine arrangements for establishing and maintaining fixed asset registers.
- 7.10.10. The college's accounting policies in relation to capitalisation and depreciation are set out in Appendix 5 and the Fixed Asset Policy.
- 7.10.11. Capital procurement must comply with any ESFA requirements, these regulations, and the Procurement Policy.
- 7.10.12. Budget Holders are accountable for establishing adequate arrangements for the custody and control of stocks and stores within their area. The systems used for stores accounting must have the approval of the EDF.
- 7.10.13. Budget Holders are accountable for ensuring that regular inspections and stock checks are carried out.
- 7.10.14. Those Budget Holders whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the EDF and that instructions are issued to appropriate staff within their area.
- 7.10.15. Any proposal to donate any equipment or other form of asset to the college must be submitted to the EDF (or their nominee), together with a risk assessment form. The CEO is accountable for deciding whether the donation may be accepted. The EDF (or their nominee), will ensure the recording and registering of all donated assets for insurance and accounting purposes.
- 7.10.16. Under the Managing Public Money regulations, the college is required to ringfence the proceeds of asset sales for reinvestment in capital assets.
- 7.11. **Tuition & Other Fees Policy**
- 7.11.1. The COO is accountable for reviewing the policy for tuition fees and other charges. This is undertaken on an annual basis and must reflect current government funding policy and relevant legislation.
- 7.11.2. The review is undertaken in consultation with the CEO and other senior staff. The college's policy for tuition fees and other charges is to be approved by the Exec and the Governing Board prior to the commencement of each financial year.

7.12. **Loans, leasing and hire purchase**

- 7.12.1. Overdraft facilities shall be approved by the Governing Board. The CEO or COO may draw against the facility as required, for revenue or capital expenditure within the agreed budget limits.
- 7.12.2. All loans will be approved by the Governing Board for specific purposes. Funds may be drawn against the loan only for the approved purpose.
- 7.12.3. In addition to this, under Managing Public Money regulations, new finance arrangements or drawdown of funds post reclassification under existing finance arrangements will be subject to these regulations and the college is required to obtain the written consent of DfE in advance of committing to any new financial arrangements or actioning any new drawdowns of overdrafts, revolving credit facilities or loans.
- 7.12.4. For new finance arrangements the college is required to:
 - 7.12.4.1. Submit a formal request for consent using the college requests procedure.
 - 7.12.4.2. Receive written confirmation from DfE of consent.
 - 7.12.4.3. As a condition of any consent, if given, supply a copy of the executed new arrangement by email within 2 weeks of completion.
- 7.12.5. Purchases involving finance lease, operating lease or hire purchase agreements shall be authorised as specified in Appendix 1.
- 7.12.6. After the daily aggregation of all balances in the accounts of the college's approved bank, any transfer of amounts between these accounts will be the responsibility of the EDF.
- 7.12.7. Any other surplus monies shall be invested in accordance with the Cash Management Policy, in an account in the name of the college and shall be confirmed in writing by the institution with which the deposit is made.
- 7.12.8. The EDF shall be accountable for maintaining appropriate records of all deposits and/or investments.

7.13. **Financial records**

- 7.13.1. The EDF will advise on the format and content of financial records to be maintained by the college and the period of time that they need to be retained.
- 7.13.2. The EDF shall ensure that all financial records are kept securely for six years plus the current year. Payroll records are to be kept for seven years plus the current year. Records for ESFA-funded projects will normally need to be retained for ten years. Departments with lead responsibility for these projects are required to maintain financial and other records in accordance with ESFA requirements.
- 7.13.3. In the event that an education/training or other business activity is ceasing, the Director/Head of Department in which that activity is based must agree a schedule of key records and arrangement for the transfer and safe storage of those records with the EDF.

8. Major developments

- 8.1. Any new aspect of business, or proposed establishment of a joint company or joint venture, which will require an investment in buildings, resources or staff time of more than £250,000 should be presented to the Governing Board for approval. This will also be subject to Managing Public Money rules following reclassification.

- 8.2. The COO will establish protocols for these major developments to enable them to be considered for approval by the Governing Board. 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. This will include the funding of revenue commitments associated with projects.

9. Cash Management Policy

- 9.1. The Governing Board is accountable for approving a Cash Management Policy setting out a strategy and policies for cash management, long-term investments and borrowings. The Governing Board also has a responsibility to ensure implementation, monitoring and review of the policy.
- 9.2. All executive decisions concerning borrowing, investments or financing (within policy parameters) shall be delegated by the Governing Board to the COO and an appropriate reporting system established. All borrowing shall be undertaken in the name of the institution and shall conform to any relevant funding body requirements and Managing Public Money rules following reclassification.
- 9.3. The COO will report on the activities of the cash management operation and on the exercise of cash management powers delegated to them.

10. Insurances

- 10.1. The COO is accountable for annually reviewing and advising the CEO on the insurance cover arrangements for the college. Such insurance cover must be adequate in view of all business risks. The insurance strategy for the college will be approved by the Governing Board through the Audit, Risk & Compliance Committee.
- 10.2. The COO in consultation with the EDF shall be accountable for effecting such insurance cover in the name of the college as may be necessary to safeguard the college against loss, and shall keep a register of all insurances effected by the college and the property and risks covered thereby.
- 10.3. The COO shall report all insurance arrangements and notify any major claims to the Governing Board via the Audit, Risk & Compliance Committee.
- 10.4. Budget Holders shall inform the EDF promptly of any event which may involve the college in a claim, or an intended activity or acquisition of an asset in their area which may involve the college in a risk not already covered by insurance or necessitate an extension of the amount of insurance cover.
- 10.5. The EDF (including the duly appointed insurance broker) shall negotiate all claims made against or by the college and shall consult the college's solicitors where necessary.
- 10.6. All staff using their own vehicles on behalf of the college shall maintain appropriate insurance cover for business use. This will be confirmed by the college before any claims are paid (see the Expenses Policy).
- 10.7. Staff should consult the EDF upon the terms of any indemnity which the college is requested to give and any indemnities agreed must be reported to the Governing Board via the Resources, Culture & Impact Committee.

11. Contracts and agreements

- 11.1. All contracts for the purchase of works, goods and services entered into on behalf of the college will be signed by an authorised signatory in accordance with Appendix 1.

- 11.2. Contracts for the employment of staff other than the holders of senior posts will be authorised and signed by the CEO or their delegated nominee. Contracts for the employment of the CEO and the holders of senior posts will be authorised and signed by the Chair of the Governing Board or their nominee.
- 11.3. Some government funded programmes are commissioned through a negotiated or competitive process and funding contracts are signed by the CEO on behalf of the college. Where the college supplies goods and services to other organisations, including training and allied services, research, consultancy and premises hire, contracts will be signed by an authorised signatory in accordance with Appendix 1.
- 11.4. Contracts for the acquisition, disposal or leasing of land and property will be authorised as specified in Appendix 1.
- 11.5. All proposed agreements for leasing of plant or equipment or services, require approval of the EDF who shall report thereon to the CEO if they consider the financial effect of the agreement would be significant.
- 11.6. The Director of Governance is accountable for the safekeeping of official and legal documents relating to the college. Signed original copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Director of Governance. All such documents shall be held in an appropriately secure location.

12. Audit

- 12.1. The internal audit plan will be determined annually by the Audit, Risk & Compliance Committee on behalf of the Governing Board.
- 12.2. The external audit of the college's financial accounts will be provided by a firm with relevant experience and expertise appointed by the Governing Board.
- 12.3. The appointment of internal and external auditors for the college shall have regard to the requirements of the ESFA. Tendering for audit should take place in line with the guidelines of the FRC (Financial Reporting Council) issued *Guidance for Audit Committees*.
- 12.4. Auditors appointed shall have the following rights:
 - 12.4.1. Access to all records, documentation and assets which they consider necessary to fulfil their duties.
 - 12.4.2. Access to college premises at all reasonable times.
 - 12.4.3. Access to all Governing Board committees and members including the Chair and Vice Chair.
 - 12.4.4. Require such explanations as are necessary concerning any matter under consideration.
 - 12.4.5. Require any staff member to account for cash, stores or other college property under their control.
 - 12.4.6. Access to college records held by third parties when required.
- 12.5. The above provisions cover both internal and external audit, together with any other auditors such as the ESFA appointed funding auditors, National Audit Office, European Court of Auditors, HM Revenue & Customs.

13. Financial procedures

- 13.1. The EDF has the responsibility for maintaining and updating the college's financial systems and procedures and ensuring these are published on the intranet to underpin the efficient and effective financial management of the college.

14. Anti-Bribery, Corruption & Fraud Policy

- 14.1. The college requires all staff at all times to act honestly and with integrity to safeguard the public resources for which the Governing Board is accountable. Fraud is an ever-present threat to resources. All members of staff must therefore remain alert to the risk that fraud or other irregularity could occur in their area of responsibility.
- 14.2. The Audit, Risk & Compliance Committee is accountable for approving the college's Anti-Bribery, Corruption & Fraud Policy. An annual review of areas susceptible to fraud is prepared by the Exec and presented to the Audit, Risk & Compliance Committee. Responsibility for investigating fraud is delegated to the COO. The COO shall also be accountable for informing third parties such as the Education and Skills Funding Agency, internal and external auditors or the police when appropriate. The COO shall inform and consult the CEO and Audit, Risk & Compliance Committee about any suspected fraud or where the incident may lead to adverse publicity.
- 14.3. The Anti-Bribery, Corruption & Fraud Policy is available on the intranet.

15. Receiving gifts and hospitality

- 15.1. As required by the [Bribery Act 2010](#) the college conducts its activities in an honest and ethical manner. The college takes a zero-tolerance approach to bribery and corruption and expects the highest standards of propriety in the conduct of business.
- 15.2. All staff and governors have a responsibility to protect the reputation of the college and should exercise extreme caution in the receipt of gifts and hospitality. Managers should ensure that staff are aware of their responsibilities. This policy aims to help protect staff from allegations of impropriety. Members of staff include an employee, agency contract worker or a self-employed worker engaged by the college.
- 15.3. Staff and Governors should not accept or offer any gift or consideration (or have them given to members of their families) as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity.
- 15.4. The Gifts, Hospitality & Declarations of Interest Policy is available on the intranet.

16. Taxation

- 16.1. Value Added Tax (VAT): The college is registered for VAT and must submit VAT returns to HM Revenue & Customs as required. The EDF shall maintain the VAT records for the college and shall be accountable for submitting VAT returns and for making all VAT payments or receiving any VAT credits as appropriate.
- 16.2. Corporation Tax: the college has charitable status and, therefore, will generally not be liable for Corporation Tax on the activities that it undertakes. However, liability for Corporation Tax may arise from the activities of the college's subsidiary company. The EDF will be accountable for ensuring that any liabilities arising are identified and reported accurately to the Inland Revenue.

17. Student Support Funds

- 17.1. The EDF will prescribe the format for recording the use of student access funds on the finance system.
- 17.2. Records of student support (bursary) funds will be maintained according to ESFA and OFS requirements. Responsibilities for administering access funds within the college are clearly defined. Annual returns are provided to ESFA and OFS.
- 17.3. The college's Student Support Funds Policy is available on the intranet.

18. Student Loans and Students' Union

- 18.1. Appropriate records will be maintained to support all transactions involving student loans. This includes both HE loans for higher education courses and Advanced Learning Loans for further education courses.
- 18.2. The Students' Union is a separate legal entity from the college but is recognised to fulfil a valuable role in relation to the college's students.
- 18.3. In accordance with an agreement between the college and the Students' Union, the college will provide annual statements of income and expenditure to the Resources, Culture & Impact Committee for information purposes only. The college's internal auditor shall have access to records, assets and personnel within the Students' Union in the same way as other areas of the college.

19. Patents and intellectual property rights

- 19.1. 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. As specified in the college's standard contracts of employment, all intellectual property belongs to the college.
- 19.2. In the event of the college deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the college.

20. Money laundering and proceeds of crime

- 20.1. The [Proceeds of Crime Act 2002](#) criminalises money laundering and the [Money Laundering Regulations 2017](#) place obligations on those involved in 'relevant businesses' to establish procedures to reduce the likelihood of financial irregularity.
- 20.2. The college is likely to be regarded as a 'relevant business' and the COO is accountable for ensuring compliance with these regulations. The COO is also the Nominated Officer for the purposes of the Money Laundering Regulations.
- 20.3. If staff have concerns regarding any financial transaction, they should contact the EDF for advice. Where possible this should be done before the transaction takes place. In accordance with Money Laundering Regulations, the staff member may be required to prepare a suspicious activity report (SAR) for the COO.

21. Bribery

- 21.1. The Bribery Act 2010 makes bribery or attempted bribery a criminal offence. Bribery usually takes place in order to secure or retain business, or in order to gain a financial or business advantage. Bribery does not always involve a financial incentive or advantage.
- 21.2. In order to be found guilty of an offence under The Act, bribery does not actually need to take place as offences under the act include, but are not limited to the following:
 - 21.2.1. Offering, promising, or giving a bribe.
 - 21.2.2. Requesting, agreeing to receive, or accepting a bribe.
- 21.3. These offences apply regardless of whether they take place in the UK or abroad. Extra care must be exercised in non-UK jurisdictions where custom and practice may actually be an offence under The Act. These offences also apply to agents or other third parties acting on behalf of the college, even if the college (or its staff members) did not know that bribery had taken place.
- 21.4. The college and its staff members (or any other third party acting on behalf of the college) must not offer, promise or give any financial or other advantage in order to secure or retain business. In addition, the college and its staff members must not request, agree to receive, or accept any financial or other advantage from a third party which may be construed to be a bribe.
- 21.5. Any breach of the above by a staff member of the college is likely to be regarded as gross misconduct.
- 21.6. The college's Anti-Bribery, Corruption & Fraud Policy is available on the intranet.

22. Whistleblowing

- 22.1. The [Public Interest Disclosure Act 1998](#) protects a member of staff against detriment or dismissal for raising concerns about potential breaches of the law or other wrongdoing where these are matters of public interest (whistleblowing).
- 22.2. The college is committed to the highest standards of integrity and honesty in conducting its business and to this end encourages staff members to raise genuine concerns about breaches of the law and other potential wrongdoings (malpractice) without fear of repercussions.
- 22.3. The college's Whistleblowing Policy is available on the intranet. The Act and the policy apply to all staff including agency workers, temporary employees and contractors.

23. Partnership arrangements

- 23.1. College policy is that, generally, it will enter into subcontract arrangements where it is strategically important to do so for the provision of education and training in respect of its direct funding contracts with the ESFA and/or OfS.
- 23.2. Some programmes involve partnership delivery (or consortium) arrangements. In such cases the college will either be the lead organisation (contract holder) or will be a delivery partner in a consortium where another organisation is the lead party.
- 23.3. In such circumstances, and where the lead provider is a private company, the college is required to undertake a due diligence review before entering into a contractual commitment. This will also apply where it is proposed that any other publicly funded training is to be delivered by a private provider on behalf of the college. The extent of the

due diligence required will be agreed with the COO.

- 23.4. Where partnership arrangements, such as those outlined above, are in place a contract defining respective roles and responsibilities is required. A signed contract must be in place before any delivery takes place and before payment can be made. The main items to be included in the contract between the college and the subcontractor are included in the ESFA sub-contracting controls guidance. In addition, the provisions in the contract must include those items required by the funding bodies whose requirements change from time to time.
- 23.5. The college's Subcontracting & Supply Chain Policy is available on the intranet.

24. Other income-generating activity

24.1. Private consultancies and other paid work

- 24.1.1. Unless otherwise stated in a member of staff's contract:
- 24.1.2. Outside consultancies or other paid work may not be accepted without the consent of the CEO.
- 24.1.3. Applications for permission to undertake work as a purely private activity must be submitted to the CEO and include the following information:
- i. The name of the member(s) of staff concerned.
 - ii. The title of the project and a brief description of the work involved.
 - iii. The proposed start date and duration of the work.
 - iv. Full details of any college resources required (for the calculation of the full economic cost).
 - v. An undertaking that the work will not interfere with the teaching and normal college duties of the member(s) of staff concerned.

24.2. Off-site collaborative provision (sub-contracting)

- 24.2.1. Any contract or arrangement whereby the college provides education to students away from college premises, or with the assistance of persons other than the college's own staff or with independent contractors (partner organisations) must be subject to the following procedure:
- 24.2.1.1. There shall be a contract signed by the CEO and on behalf of any partner organisation that shall comply at least with the funding body model contract (as amended from time to time) in place before any provision is made.
- 24.2.1.2. Contracts for significant changes in sub-contracting activity shall be approved in advance by the Governing Board.
- 24.2.1.3. The Governing Board will review and approve contracts with approved sub-contractors of the college.
- 24.2.1.4. The impact of the contract(s) shall be subject to scrutiny by the Governing Board. 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 entry in the college's financial forecast.
- 24.2.1.5. Where the partnership would represent a significant departure from the college's strategic plan, the Governing Board shall approve the departure, and the CEO shall seek the view of and inform the funding body.

24.3. **Matched funding**

- 24.3.1. Any such project requires the approval of the appropriate officer prior to any commitment being entered into. Such approval shall be dependent upon the relevant head of department being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the college's costing and pricing policy. The relevant Exec member and Director are accountable for submitting bids for funding, subject to approval by the CEO and the Governing Board where appropriate; and where successful, for submitting income claims.
- 24.3.2. Individual applications for funds in excess of £500,000 shall be the subject of a report by the CEO to the Governing Board which will set out, amongst other things, the potential risks generated by the project.
- 24.3.3. If the college sub-contracts such work to external providers, the relevant Head of Department shall ensure that:
 - 24.3.3.1. This is on the basis of a written contract which allows for full audit access to detailed records.
 - 24.3.3.2. Appropriate monitoring procedures are in place to ensure that the outputs are achieved, and the provision is of suitable quality.
 - 24.3.3.3. Payments are only made against detailed invoices.

24.4. **Submitting claims for successful bids**

- 24.4.1. Any claims made against bids or contracts held by a funding body or other party will require authorisation to confirm the college has delivered in line with the contracts and is fully compliant with its requirements.
- 24.4.2. Claims require authorisation for the following levels (as required on the contract approval sheet):
 - 24.4.2.1. Under £10,000 – authorisation by the contract manager.
 - 24.4.2.2. From £10,000 to £50,000 – authorisation by the senior manager.
 - 24.4.2.3. Over £50,000 – an independent check in addition to the above will be conducted by the EDF.

25. College seal

- 25.1. Although there is no requirement under the Further and Higher Education Act 1992 for any document to be sealed by the Governing Board, under general law any document executed by the Governing Board as a deed should be under seal e.g. a transfer of property by the Governing Board.
- 25.2. Where a deed or document requires the college seal it must be sealed by the Director of Governance, or in their absence the CEO or COO. The application of the seal of the Governing Board shall be authenticated by (a) the signature of either the Chair or of some other member authorised either generally or specially by the Governing Board to act for that purpose; and (b) the signature of any other member.
- 25.3. The Director of Governance is accountable for submitting a report to the Governing Board detailing the use of the college seal.
- 25.4. The Director of Governance shall maintain a register to record each use of the seal, which should include the following information: document sealed; date sealed; authorised person using seal; witness.

26. Related party transactions

- 26.1. Governors are not remunerated for their work as a governor, but governors may be reimbursed for incidental expenses incurred in carrying out such duties. Such incidental expenses may include travel costs to an externally hosted event attended on behalf of the college.
- 26.2. Owing to the nature of the college's operations and the composition of the Governing Board being drawn from local public and private sector organisation, it is inevitable that transactions will take place with organisations in which a member of the Governing Board may have an interest. All transactions involving such organisations must be conducted at arm's length and in accordance with the college's normal procurement procedures.
- 26.3. The college's Expenses Policy and Gifts, Hospitality & Declarations of Interest Policy are on the intranet, the website and Diligent Boards.

Appendix 1: Authority Limits

Delegated authorities are currently as follows:

1. Budget variations

1.1. Major capital projects

1.1.1. For major capital projects the Governing Board will be required to approve any changes to the overall project budget. In urgent cases the Chair of the Governing Board and the CEO jointly have power to act on behalf of the Governing Board, in discussion with the Chair of the Resources, Culture & Impact Committee if practicable. Such action will be reported to the Governing Board at the earliest opportunity.

1.1.2. In order to control the overall project spend, movements between individual budget lines to reflect changes to project costs may be authorised by the CEO or COO.

1.2. Income and expenditure

Income and expenditure budget variations (virements) must not reduce the budget operating surplus. The CEO or COO may approve virements between Budget Holders of up to 5% of the college's overall budgeted expenditure. Virements above 5% require Governing Board approval. Virements shall not be permitted between staffing and other heads of expenditure, or from capital to revenue budget without the agreement of the Governing Board.

2. Authorisation of contracts and orders

2.1. When applying the limits referred to below, the "value" for those orders/contracts, which relate to the continuous supply of goods or services over several years, will be the total value over the period of supply.

Value	Authorisation
Up to £50,000	EDF, Budget Holder and relevant Director
Up to £100,000	Member of Executive team
Up to £500,000	CEO or COO
Over £500,000	Governing Board*

3. Leasing and hire purchase commitments

3.1. When applying the limits referred to below, the "equivalent purchase price" will be the total value of the lease/hire purchase payments over the period of the agreement (or until the first break clause for property leases).

Equivalent Purchase Price	Authorisation
Up to £50,000	EDF, Budget Holder and relevant Director
Up to £100,000	Member of Executive team
Up to £500,000	CEO or COO
Over £500,000	Governing Board*

* Following authorisation of the transaction or project by the Governing Board, signing contracts and orders is delegated to the CEO or the COO.

4. Disposal of assets

Value of Disposal / NBV	Authorisation
Up to £250	Senior Finance Manager
Up to £7,500	EDF
Up to £12,500	CEO or COO
Up to £50,000	CEO
Over £50,000	Governing Board*

- 4.1. Authority shall not be required for disposal of each computer which is replaced as part of the annual renewal programme.
- 4.2. The college's Disposal of College Property Policy and relevant documentation is available on the intranet.

5. Contracts for the supply of goods or services by the college

Contract Value per annum	Authorisation
Up to £50,000	EDF, Budget Holder and relevant Director
Up to £100,000	Member of Executive Team
Up to £500,000	CEO or COO
Over £500,000	Governing Board*

Appendix 2: Authorised Cheque Signatories and Authorisation of Electronic Payments

Arrangements for bank payments will be as follows:

1. Cheque Signatories

- 1.1. All cheque payments required two bank signatories.
- 1.2. The posts permitted to be on the bank mandate for the purpose of authorising cheque payments are as agreed by the Governing Board when approving changes to the bank mandate.

2. Electronic payments (BACS)

- 2.1. The proposed payment run is prepared by a member of the Finance team and reviewed by a separate member of the Finance team including checking all proposed payments above £3,000 to invoices. The proposed payment run is then passed to the EDF and COO or nominee for final checking and authorisation.

3. Electronic payments (CHAPS/faster payments)

- 3.1. These are urgent payments which are processed outside of the normal creditor payment run. Every effort should be made to ensure that the volume of such payments is kept to a minimum. All such payments must be authorised by the EDF or COO.

4. Electronic payroll payments

- 4.1. These include net pay, PAYE, National Insurance and pension contributions. All such payments must be authorised by the EDF (or nominee in their absence) and the COO or nominee.
- 4.2. Arrangements for the use of electronic banking systems including the allocation of Smart Cards will be determined by the COO.

5. Direct debit payments

- 5.1. Direct debits are set up in accordance with the bank mandate and then paid automatically.
- 5.2. The direct debit payment authorisation processes are detailed in a separate procedure. All backing documentation is stored securely on a dedicated network folder that can be accessed by all Finance team members.

Appendix 3: Tendering Procedure

The Tendering Procedure may be adapted during pandemics to allow electronic tendering.

1. Tendering procedure

- 1.1. Invitations to tender must be accompanied by comprehensive and clearly written specifications, which shall include:
 - 1.1.1. The nature and purpose and, where applicable, the duration of the contract.
 - 1.1.2. Quality and best economic value requirements.
 - 1.1.3. The specification and quantities of the goods or services to be supplied (except in the case of “design and build” contracts where only an outline specification need to be supplied).
 - 1.1.4. The time(s) or range of time(s), as appropriate, and place(s) at which the goods or services are to be supplied.
 - 1.1.5. A copy of the conditions of contract with which the successful contractor will be required to comply.
 - 1.1.6. A copy of any formal contract or sub-contract document which the successful contractor will be required to sign or execute.
 - 1.1.7. A returnable tender from which indicates:
 - 1.1.7.1. The tenderer’s signature or seal.
 - 1.1.7.2. That the tender form is to be returned to the CEO or their nominee by a stated date and time.
 - 1.1.7.3. That the college does not bind itself to accept or nominate the lowest, or any, tender.
 - 1.1.7.4. That every tender must be submitted in a plain envelope bearing the word “tender” followed by the subject to which the tender relates and the closing date for the receipt of tenders.
- 1.2. No tender will be considered unless contained in a sealed envelope bearing the word “TENDER” followed by the subject to which the tender relates.
- 1.3. It is the responsibility of the relevant Head of Department/Director to make arrangements for every tender received to be retained in secure custody unopened until the time appointed for its opening.
- 1.4. Tenders should be opened with a minimum of two staff nominated by the CEO or COO. The nominated staff would usually be the Procurement Officer, Director of Governance and the EDF. Any changes to this would require the authorisation of the CEO or COO. In addition to the staff members referred to above, at least one independent governor who is a member of the Resources, Culture & Impact Committee must be present at the tender opening if the value is expected to be over £100,000.
- 1.5. The main details of each tender are to be noted as opened, as evidence of propriety in any future investigation; both members of staff are to initial and date the notes. If a reply is not received this should be indicated. A note shall be made of the number of tenders, if any, not opened and the reason(s) for not opening them.
- 1.6. Where a tenderer gives sufficient notice of a request for an extension of time because of exceptional circumstances, the Director of Governance (or an independent governor) is

empowered to grant a suitable extension, which shall be extended to all tenderers. The Director of Governance (or an independent governor) is empowered to accept a later receipt if proof is provided of posting, which would normally be in time to meet the deadline. The Director of Governance (or an independent governor) is empowered to accept corrections to errors in tenders only where not accepting the correction would eliminate the tenderer from the contest. Where, in their view, circumstances so warrant, the COO in consultation with the CEO may postpone for such period as they may considered reasonable the time and date by which the tenders concerned shall be received.

2. Acceptance of tender

- 2.1. Having followed the procedures required by the Financial Regulations as outlined above, departments are then required to evaluate the tenders and recommend to the CEO to:
 - 2.1.1. Accept the most economically advantageous tender; or
 - 2.1.2. Accept a tender other than the most economically advantageous (this may only be justified by reference to the 'comprehensive and clearly written specifications' referred to in paragraph 1); or
 - 2.1.3. Refuse to accept any tender.
- 2.2. The outcome of the tender evaluation should be noted and kept with the notes of the tender opening and the tender documents. Where the outcome is the acceptance of the tender other than the lowest, the reason should also be recorded in detail.

Appendix 4: Approval Authority for the Control of Debts

Debts may be written off in accordance with the limits specified below. The limits refer to individual debtor's accounts rather than batch totals. An annual summary of debts written off will be reported to both the Finance and Audit, Risk & Compliance Committees in July each year.

Debtor Value Written Off	Authorisation
Up to £750	Senior Finance Manager
Up to £7,500	EDF
Up to £25,000	COO or CEO
Up to £45,000	CEO
Over £45,000	Governing Board via recommendation from the Resources, Culture & Impact Committee

Appendix 5: Fixed Asset Capitalisation and Depreciation

The college's thresholds for the capitalisation of expenditure are stated below:

Asset Type	Capitalisation Threshold
Building Works ¹ (New build or improvements)	£10,000
Computer Equipment ²	£5,000
Other Equipment	£5,000
Furniture, Fixtures & Fittings	£5,000

The college's fixed asset depreciation policy is stated below:

Asset Type	Depreciation Policy
Land	Not depreciated
Building Works (new build)	Up To 60 years
Building Works (improvements)	15 years
Short-Life Buildings	10 years
Computer Equipment	5 years
Plant	10 years
Vehicles	5 years
Equipment & Furniture	5 years
Fixtures & Fittings	3 years

The EDF may authorise a departure from the above where this would ensure consistency with historical accounting treatment.

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

¹ A planned building works programme may consist of a number of projects below this threshold, but college policy is to capitalise in accordance with the total value of the planned programme building works.

² Computer equipment purchased for less than £5,000 may be capitalised where it is purchased as part of a computer refresh or increase in computing assets. In such cases the total value of the refresh will be capitalised although the individual unit price may be lower than £5,000.

Appendix 6: Corporate Governance Documents

In addition to the Financial Regulations, there are a number of documents that contribute to the college's corporate governance framework. These are as follows:

1. Instruments and Articles of Government
2. Terms of Reference of the Governing Board and its Sub-Committees
3. Risk Management Policy
4. Whistleblowing Policy
5. Code of Conduct
6. Financial Memorandum
7. Joint Audit Code of Practice

The documents numbered two and four above will be reviewed annually and presented to the Governing Board for approval. The latter two (Financial Memorandum and Audit Code of Practice) are issued by the ESFA, the latest versions of which may be obtained from the Director of Governance or COO.

NB: This is not an exhaustive list of corporate governance documents.