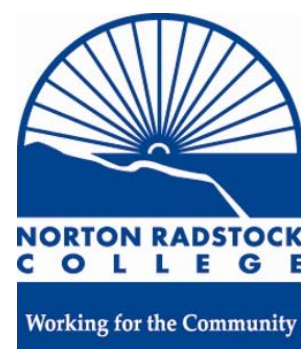




# Financial Regulations

Version approved March 2007



# CONTENTS

A	GENERAL PROVISIONS	4
	1 Background	4
	2 Status of Financial Regulations	5
B	CORPORATE GOVERNANCE	5
	3 The Governing Body/Corporation	5
	4 The Principal	6
	5 Committee Structure	7
	5.1 Audit Committee	7
	5.2 Management Accounts Review Group	8
	5.3 Remuneration Committee	8
	6 Other Senior Managers with Financial Responsibility	8
	6.1 Finance Director	8
	6.2 Senior Managers/Heads of School	9
	7 All members of staff	9
	8 Risk Management	10
	9 Whistleblowing	10
	10 Code of Ethical Conduct	11
	11 Receiving Gifts or Hospitality	11
C	FINANCIAL MANAGEMENT AND CONTROL	12
	12 Financial Planning	12
	12.1 Budget Preparation	12
	12.2 Capital Expenditure Programmes	12
	12.3 Overseas Activity	13
	12.4 New Ventures involving Additional Expenditure or Loss of Income	13
	13 Financial Control	14
	13.1 Budgetary Control	14
	13.2 Financial Information	14
	13.3 Changes to the approved budget	14
	13.4 Virement	15
	13.5 Treatment of year-end balances	15
	14 Accounting Arrangements	15
	14.1 Financial Year	15
	14.2 Basis of Accounting	15
	14.3 Format of the financial statements	15

14.4	Accounting records	15
14.5	Public access	16
14.6	Taxation	16
15	Audit Requirements	16
15.1	General	16
15.2	Financial statements and Regularity Audit	17
15.3	Internal audit	17
15.4	Other auditors	18
16	Fraud and Corruption	18
17	Value for Money/Best Value	19
18	Treasury Management	19
18.1	Treasury management policy	19
18.2	Appointment of bankers and other financial advisors	19
18.3	Banking arrangements	19
18.4	Borrowing	20
19	Income and Banking	20
19.1	General	20
19.2	Maximisation of income	21
19.3	Receipt of cash, cheques and other negotiable instruments	21
19.4	Collection of debts	22
19.5	Student fees	22
20	Other Income Related Activities	22
20.1	Private consultancies and other paid work	22
20.2	Off-site collaborative provision (franchising)	22
20.3	European Union (EU) and other matched funding	23
20.4	Additional payments to staff	23
21	Expenditure	23
21.1	General	23
21.2	Scheme of delegation/financial authorities	23
21.3	Procurement	24
21.4	Purchase orders	24
21.5	Purchasing cards	25
21.6	Tenders and quotations	25
21.7	Tendering procedures	25
21.8	Contract negotiation	26
21.9	Post-tender negotiation	27
21.10	Building projects	27
21.11	EU regulations	27

21.12	Receipt of goods	27
21.13	Payment of accounts and invoices	28
21.14	Staff reimbursement	29
21.15	College credit cards	29
21.16	Petty cash/imprest accounts	29
22	Pay Expenditure	29
22.1	Salaries and wages	29
22.2	Superannuation schemes	30
22.3	Travel, subsistence and other allowances	30
22.4	Overseas travel	31
22.5	Payments to members of the Corporation	31
22.6	Payments to employees on termination of employment	31
23	Assets	
23.1	Purchase of land, buildings, fixed plant and machinery	32
23.2	Inventories	32
23.3	Stocks and stores	32
23.4	Safeguarding assets	33
23.5	Personal use	33
23.6	Asset disposal	33
23.7	College vehicles	33
24	Funds Held on Trust	34
25	Other	34
25.1	Insurance	34
25.2	Companies and joint ventures	34
25.3	Data processing	34
25.4	Use of the College seal	34
25.5	General ledger	35
25.6	Learner records	35
25.7	Provision of indemnities	35
24	Appendices	35
	APPENDIX A: AUDIT COMMITTEE TERMS OF REFERENCE	36
	APPENDIX B: MANAGEMENT ACCOUNTS REVIEW GROUP TERMS OF REFERENCE	37
	APPENDIX C: THE SEVEN PRINCIPLES OF PUBLIC LIFE FROM THE REPORT OF THE COMMITTEE FOR STANDARDS IN PUBLIC LIFE (THE NOLAN REPORT)	38

# FINANCIAL REGULATIONS

## A GENERAL PROVISIONS

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### 1 Background

- 1.1 The College is a further education corporation created under the provisions of the Further and Higher Education Act 1992, as amended by the Learning and Skills Act 2000 (“the Act”). 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 for Education. The College is accountable through its governing body, which has ultimate responsibility for the effectiveness of its management and administration. The governing body is also known as the Corporation.
- 1.2 The College is an exempt charity by virtue of the Charities Act 1993.
- 1.3 The Learning & Skills Council is the body which provides funding to the College as well as having a wider range of powers. In this document, it is referred to as the “LSC”.
- 1.3 The financial memorandum between the LSC and the College sets out the terms and conditions on which grant is made. The version of the financial memorandum referred to throughout this document is the one dated November 2006. The Corporation is responsible for ensuring that conditions of grant are met. As part of this process, the College must adhere to the LSC’s *Audit Code of Practice*, which requires it to have sound systems of financial and management control. The financial regulations of the College form part of this overall system of accountability.
- 1.4 The Corporation may only use funds from the LSC in accordance with the provisions of the Act, the financial memorandum and any other conditions which the LSC may prescribe. The Principal is responsible for ensuring that this is adhered to, and has a duty to report to the LSC should the Corporation adopt a policy or commission an act which constitutes a breach.
- 1.5 Paragraph 33 of the financial memorandum states that “The College must notify the LSC in writing if at any time there is a significant deterioration in its financial position. Where the LSC has concluded that there is a significant risk to the College’s financial position, the LSC may require the College to put in place a plan that will secure a recovery to a satisfactory financial position.”

- 1.6 The College must comply with paragraph 20 of the financial memorandum which states that “The College or its sub-contractors shall not apply public funds to learning provision for which the College has already received other funding, public or otherwise, unless the LSC so specifies.”

## **2 Status of Financial Regulations**

- 2.1 This document sets out the College’s financial regulations. It applies to the College and any subsidiary undertakings.
- 2.2 These financial regulations are subordinate to the College’s instruments and articles of government and to any restrictions contained within the College’s financial memorandum with the LSC and the LSC’s *Audit Code of Practice*.
- 2.3 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 Senior Managers and Heads of School to ensure that their staff are made aware of the existence and content of the College’s financial regulations and that an adequate number of copies are available for reference within their department.
- 2.4 The Finance Director in conjunction with the internal audit service is responsible for reviewing the financial regulations and advising the Corporation of any additions or changes necessary.
- 2.5 The College’s detailed financial procedures set out precisely how these regulations will be implemented. They are contained in the Quality Procedures manual which is issued to all new staff as well as on the College intranet.

## **B CORPORATE GOVERNANCE**

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### **3 The Governing Body/Corporation**

- 3.1 The governing body is ultimately responsible for the affairs of the College and for the proper stewardship of funds. The governing body is also known as the Corporation. Its financial responsibilities are to:
- ensure that the College’s funds are used only in accordance with the governing body’s powers under the Act, the financial memorandum and any other conditions that the LSC may from time to time impose

- take into account any relevant guidance on accountability or propriety issued from time to time by the LSC, the National Audit Office or Parliament
- 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 other senior post-holders
- set a framework for pay and conditions of service of all other staff
- ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the College are appropriate and sufficient to safeguard public funds
- approve the appointment of external auditors and an internal audit service
- secure the efficient, economical and effective management of all the College's resources and expenditure, capital assets and equipment, and staff, so that 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
- plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure
- approve an annual budget before the start of each financial year
- determine tuition fees
- ensure that the College complies with the LSC's *Audit Code of Practice*
- approve the College's strategic plan
- approve the annual financial statements.
- determining the approval of the management and annual accounts.
- approving the nature, extent and size of any loans the Corporation may from time to time enter into.

#### **4 The Principal**

- 4.1 The Principal is the person with the ultimate executive responsibility for the management of the College.
- 4.2 The responsibilities of the Principal are set out in the instrument and articles of government and in the financial memorandum. The governing body shall require the Principal to take personal responsibility, which shall not be delegated, to assure them that there is compliance with the financial memorandum and all terms and conditions referred to above.
- 4.3 The Principal is the College's designated officer and is responsible for ensuring the

financial administration of the College's affairs in accordance with the financial memorandum with the LSC. As the designated officer, the Principal may be required to justify any of the College's financial matters to the Public Accounts Committee at the House of Commons. In particular, the articles of government 3.(2).(e) charge the Principal with responsibility:

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

4.4 The Principal shall demonstrate his or her oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual financial statements, and the appropriate page of the financial forecasts submitted to the LSC.

4.5 The Principal's main financial responsibilities are as follows:

- To take personal responsibility, which may not be delegated, for ensuring the proper and effective operation of financial, planning and other management controls, including controls against fraud and theft.
- To also take personal responsibility for giving effect to the Corporation's policies for securing the efficient, economical and effective management of all the College's income, assets and expenditure.
- The preparation of a budget for consideration and approval by the Corporation and for managing the College within the budget approved by the Corporation.
- Ensuring that funds from the LSC are used only for the purpose for which they are given.
- Advising the Corporation in writing if any action or policy under consideration by them is incompatible with the financial memorandum or would infringe the requirements of propriety or regularity.
- Ensuring that the College meets the deadlines for the Council's information requirements.

## **5 Committee Structure**

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.

### **5.1 Audit committee**

This committee is independent of executive responsibility and advises the corporation on issues related to internal audit, external audit and financial control.

Colleges are required by their financial memorandum with the LSC and by the LSC's *Audit Code of Practice* to appoint an audit committee. The committee 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 external auditors.

The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It is required to issue an annual report to the Corporation which, *inter alia*, comments on the College's system of internal control. A more detailed extract from the audit committee's terms of reference is shown at Appendix A. The audit requirements of the College are set out in the LSC *Audit Code of Practice*.

Paragraph 34 of the financial memorandum states that "...Any mandatory requirements under the LSC *Audit Code of Practice* shall be a condition of funding under this financial memorandum." We must therefore comply with the LSC *Audit Code of Practice* at all times.

## **5.2 Management Accounts Review Group**

The Management Accounts Review Group exists to carry out a detailed and timely review of the management and annual accounts of the College and to recommend their approval to the Corporation. A more detailed extract of the committee's terms of reference is shown as Appendix B.

## **5.3 Remuneration Committee**

Consideration of the pay of senior postholders' 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 Finance Director**

The Finance Director is the chief financial officer of the College. He or she is responsible for the day to day financial administration of the College and 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 accounts and other financial statements and returns which the College is required to submit to other authorities.

- Ensuring that the College maintains satisfactory financial systems.
- Providing professional advice on all matters relating to financial policies and procedures.
- Reviewing in conjunction with the internal audit service the financial regulations and advising the Corporation of any additions or changes necessary.
- Monitoring and reporting on the College's cashflow

## **6.2 Senior Managers/Heads of School**

Senior Managers/Heads of School are responsible to the Principal for financial management for the areas or activities they control. They are responsible for the economic, effective and efficient use of resources allocated to them. Where resources are further devolved to other budget holders, they are accountable to their Senior Managers/Heads of School. They are advised by the Finance Director in executing their financial duties. The Director Corporate and Director Academic will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Senior Managers/Heads of School are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters.

Senior Managers/Heads of School shall provide the Finance Director with such information as may be required to enable:

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

It also their responsibility to act on any audit recommendations relating to their area of activity.

## **7 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 and the values of purchases for which quotations and tenders are required (see 21.6).

They shall make available any relevant records or information to the Finance Director 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 immediately notify the Finance Director whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the College. The Finance Director shall take such steps as he or she considers necessary by way of investigation and report.

## **8 Risk Management**

- 8.1 In order to be able to fully comply with the Turnbull recommendations for corporate governance, the College must take a risk management based approach to designing and operating its systems of internal controls. Corporation members must be able to form an opinion as to whether the College is in a position to make a full compliance statement in the financial statements.
- 8.2 Paragraph 32 of the financial memorandum states “The College must ensure that it has an effective policy of risk management (including appropriate insurance arrangements). The College’s risk management arrangements should consider the key principles given in LSC guidance.” The College’s approach to the risk management process is set out in the Risk Management Policy and incorporates LSC guidance.
- 8.3 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 is set out in the Risk Management Policy.
- 8.4 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.
- 8.5 Heads of School must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The Assistant Accountant’s advice should be sought to ensure that this is the case.

## **9 Whistleblowing**

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

- 9.3 A member of staff may, therefore, make the disclosure to the Principal or member of the College Executive. In the case of a member of the Corporation or College Executive, the Clerk should be contacted.
- 9.4 The full procedure for whistleblowing is set out in the College's whistleblowing policy, which is available through the personnel department, Finance Office or on the staff intranet.

## **10 Code of Ethical Conduct**

- 10.1 The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe. These principles are set out at Appendix C. In addition, the College expects that staff at all levels will observe its Code of Ethical Conduct, which is available through the personnel department, Finance Office or on the staff intranet.
- 10.2 Additionally, members of the Corporation, Senior Management Team and other managers with significant budgetary responsibility are required to disclose interests in the College's register of interests maintained by the Clerk to the Corporation. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.
- 10.3 In particular, no person shall be a signatory to an College contract where he or she also has an interest in the activities of the other party.

## **11 Receiving Gifts or Hospitality**

It is an offence under the Prevention of Corruption Act 1906 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principle to be followed by all members of staff should be:

- they must not receive gifts, hospitality or benefits of any kind from a third party which might be seen to compromise their personal judgement or integrity

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 Finance Director.

Guidance on acceptable hospitality is contained in the detailed procedure Gifts and Hospitality Register as well as in the Code of Ethical Conduct for Staff. For the protection of those involved, the PA to the Principal will maintain a register of gifts and hospitality received where the value is in excess of £5.00. Members of staff in receipt of such gifts or hospitality are obliged to notify the PA to the Principal promptly.

## **C FINANCIAL MANAGEMENT AND CONTROL**

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### **12 Financial Planning**

The Finance Director is responsible for preparing annually a three year financial forecast for approval by the Corporation and then for submission to the LSC. The financial forecast should be consistent with the Strategic Plan and the Accommodation Strategy. It should be submitted to the Corporation to ensure approval before 31<sup>st</sup> July of the preceding year.

#### **12.1 Budget preparation**

The Finance Director, in consultation with the Principal, is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Management Accounts Review Group before submission to the Corporation. The budget should also include a projected year-end balance sheet. The Finance Director must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Heads of School as soon as possible following their approval by the Corporation.

During the year, the Finance Director is responsible for submitting revised budgets to the Management Accounts Review Group for consideration before submission to the Corporation for approval.

#### **12.2 Capital expenditure programmes**

This section refers to expenditure on the following items which are normally included in the capital programme:

- acquisition of land and buildings;
- construction works;
- purchase of plant, equipment, furniture and vehicles;

- professional fees in connection with any of these items.

The financial memorandum sets out certain requirements regarding capital transactions in paragraphs 23 to 25 which must be followed at all times. To summarise:

- The Corporation should manage and develop its property with regard to the guidance issued from time to time by the LSC on property procedures;
- The LSC requires the Corporation to normally apply the proceeds of asset sales to investment in land and buildings. Where assets disposed of have been acquired by public funds, the LSC may require the Corporation to surrender some or all of the proceeds;
- The LSC requires the Corporation to obtain its consent for capital transactions where the total cost or proceeds exceed £1.5 million or 5 per cent of the College's annual revenue, whichever is the lesser.

Each year, the Corporation will approve a sum of money for expenditure on capital items.

The Principal has delegated powers to authorise capital expenditure provided that this will not exceed the overall capital sum approved. The Finance Director is responsible for reporting capital expenditure to the Corporation on a quarterly basis. Capital expenditure should be based, where appropriate, on existing strategies such as Accommodation and ILT.

Capital expenditure outside the overall sum already authorised must be approved in advance by the Corporation.

Major capital projects will be approved by the Corporation separately to the College's annual programme. All such projects must be approved, monitored and administered in accordance with the requirements and guidelines of all bodies providing funding for the project.

### **12.3 Overseas activity**

In planning and undertaking overseas activity, the College must have due regard to the relevant guidelines issued by the LSC. Further guidance is set out in the Expenses Policy and the Foreign Travel Procedure which is available from Personnel or the Finance Office.

### **12.4 New Ventures Involving Additional Expenditure or Loss of Income**

Major new ventures or major amendments of existing services involving additional expenditure or loss of income which will exceed the approved budget shall be accompanied by a report from the Principal including a statement on the financial implications. A major new venture is defined as any substantial arrangement entered into for business purposes, whether extending the College's provision, or of a

commercial nature. The Corporation should receive regular reports on the progress of new ventures.

Minor new proposals or minor amendments of existing services shall be determined by the Principal provided expenditure can be met from within the approved budget.

## **13 Financial Control**

### **13.1 Budgetary control**

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, where appropriate, who must ensure that day-to-day monitoring is undertaken effectively. Any departures from agreed budgetary targets must be reported immediately to the Assistant Accountant or the Head of School for Student Corporate Services. If necessary, the issue will be reported to the Finance Director and corrective action will be taken.

### **13.2 Financial information**

Management information should be provided to budget holders in the format and to the timescale that they require in order to be able to effectively manage their budgets.

Management accounts will be produced in accordance with the FEDA best practice guidelines. Year to date figures will be shown, including a comparison with last year.

The income and expenditure account will be produced monthly, with the exception of August (or September if finalisation of annual accounts is delayed). Other reports (balance sheet, rolling cashflow, capital projects statement) will be produced at least quarterly.

A Management Accounts Review Group meeting will be held in the last week of each month to consider the management accounts for the preceding month. Timing may change to tie in with Corporation meetings. A meeting need not be held every month if the accounts are showing consistent trends and there is no change to the forecast.

Management accounts will be produced at College consolidated level, with reports on specific departments or areas of activity if requested by the Corporation or Management Accounts Review Group.

### **13.3 Changes to the approved budget**

All changes to the approved budget, apart from virements, must be approved by the Management Accounts Review Group and the Corporation. The management accounts report should include the original approved budget as well as the updated budget so that Corporation members can clearly see the changes that have occurred during the year.

#### **13.4 Virement**

Virements between budget heads may be agreed by the Finance Director where there is no increase in estimated or committed total expenditure, except for transfers from non pay into staffing budgets which must be approved by the Principal.

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

At the year end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year.

### **14 Accounting Arrangements**

#### **14.1 Financial year**

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

#### **14.2 Basis of accounting**

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

#### **14.3 Format of the financial statements**

The financial statements are prepared in accordance with the Statement of Recommended Practice *Accounting for Further and Higher Education*, and in accordance with applicable Accounting Standards. They must conform to guidance published by the LSC.

#### **14.4 Accounting records**

The Finance Director is responsible for ensuring that financial documents are retained. 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
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- payroll records, including part-time lecturers' contracts.

Where any of the College's provision is funded by the LSC using the European Social Fund and the LSC uses any funding as match-funding for an ESP co-financing project, the College must retain all required records until 31 December 2014.

The Senior Manager CIS will make appropriate arrangements for the retention of electronic records.

Members of staff responsible for projects 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 funder.

#### **14.5 Public access**

Under the terms of the Charities Act 1993, the Corporation is required to supply any person with a copy of the College's most recent financial statements within two months of a request. The Act enables the Corporation to levy a reasonable fee and this will be charged at the discretion of the Finance Director. The College will also allow members of the public to inspect the statement of accounts during normal working hours and provide copies to local libraries.

#### **14.6 Taxation**

The Finance Director is responsible for advising 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 Finance Director is also responsible for overseeing the maintenance of the College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

### **15 Audit Requirements**

#### **15.1 General**

External auditors and internal auditors shall have authority to:

- access College premises or land 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.
- review, appraise and report on the adequacy and application of financial and other controls, and the protection of the College's property and assets against loss due to fraud or wasteful practices.

The Finance Director is responsible for arranging a timetable for final accounts purposes which will ensure that the deadline for submission to the LSC is met.

Following consideration by the Management Accounts Review Group, the financial statements should be reviewed by the audit committee. On the recommendation of these two committees they will be submitted to the Corporation for approval.

### **15.2 *Financial statements and Regularity audit***

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

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

In addition, the LSC will expect the financial statements auditors to carry out a regularity audit. The primary role of this audit is to give assurance to the LSC over the regularity and propriety of the College's income and expenditure. Regularity can be defined as: "the requirement for all items of income and expenditure to be dealt with in accordance with the legislation authorising them, and any applicable delegated authority and the rules of Government Accounting."

### **15.3 *Internal audit***

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

The College's financial memorandum with the LSC requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the LSC's *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 but has direct access to the Corporation, principal and chair of the audit committee. The internal auditor will also comply with the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors*.

All unofficial and voluntary funds shall be declared to the Finance Director and be subject to audit in a manner acceptable to the Principal. External and internal auditors

shall have access to the financial and other related documents and records of such funds. (A fund for this purpose is defined as: any fund, other than an official fund of the College, which is controlled wholly or partly by a member of the College staff, or by the governors of the College).

Terms of reference for internal audit shall be adopted and updated by Audit Committee to reflect the latest guidance received from the LSC and good practice.

#### **15.4 Other auditors**

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

### **16 Fraud and corruption**

It is the duty of all members of staff, management and the Corporation to notify the Principal or Finance Director immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. Irregularities include non-compliance with the requirements of regularity and probity.

The key elements of the College's Fraud Policy are as follows:

- Cases of suspected irregularities including fraud and corruption should be reported to the Principal or Finance Director who will both investigate the case, Internal Audit being advised at the earliest possible stage.
- Once the cause for suspicion has been established, it should be reported to the Chair of Audit Committee and the Chair of Corporation. Where necessary, the Audit Committee and the Chair of the Audit Committee should raise this at the next meeting of the Corporation.
- If the suspected fraud involves either the Principal or Finance Director, the Chair of Audit Committee and Internal Audit should be informed immediately.
- The College must report to the LSC's Chief Executive, and copy to the local LSC's Executive Director, without delay, serious weaknesses, significant frauds, major accounting and other control breakdowns of which they are aware. The LSC reserves the right to review the College's fraud investigation files.

A serious weakness is one which may result in a significant fraud or irregularity, and may include cases of irregularities in expenditure which could lead to suspicions of fraud. Significant fraud is defined in the LSC *Audit Code of Practice* as being where one or more of the following factors are involved:

- the sums of money are in excess of £10,000.
- the particulars of the fraud are novel, unusual or complex.
- there is likely to be great public interest because of the nature of the fraud or the people involved.

## **17 Value for Money/Best Value**

It is a requirement of the financial memorandum 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 LSC, the National Audit Office, the Public Accounts Committee or other relevant bodies.

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

We recognise the principles underpinning the concept of best value with our commitment to secure continuous improvement of services having regard to a combination of economy, efficiency and effectiveness.

## **18 Treasury Management**

### **18.1 Treasury management policy**

The Corporation is responsible for approving a Treasury Management Policy based on *CIPFA's Treasury Management in the Public Services: Code of Practice* setting out a strategy and policies for cash management, long-term investments and borrowings.

### **18.2 Appointment of bankers and other professional financial advisors**

The Corporation shall be responsible for appointing bankers to the College and other professional financial advisors on the recommendation of the Management Accounts Review Group.

### **18.3 Banking arrangements**

All arrangements with the College bankers concerning the operation and supervision of the College's banking accounts, overdraft facilities and the ordering, custody and use of cheques shall be made by the Finance Director and approved by the Principal.

Cheques for amounts of £0.01 - £999.99 drawn on the main banking accounts of the College shall bear the signature of one of the Principal, Director Corporate, Director Academic, Senior Manager Student Support Services or the Finance Director. Every cheque for an amount of £1,000 - £100,000.00 more shall be signed by two signatories. Cheques over £100,000.00 shall be signed by two signatories, one must be the Principal or Finance Director.

All transfers out of the College bank accounts shall be signed in accordance with cheque signing limits. Transfers between bank accounts shall be authorised by the Finance Director. All automated payments on behalf of the College, such as BACS or CHAPS, must be authorised on the same signatory basis as cheques.

Drawdowns of bank loans must be authorised by two signatories, one of whom must be the Principal or the Finance Director.

All bank accounts shall bear an official title and in no circumstances shall an account be opened in the name of an individual.

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

#### **18.4 Borrowing**

The College must comply with the LSC's requirements regarding borrowing which are set out in paragraph 26 of the financial memorandum:

"The College must seek the LSC's prior written consent for any secured or unsecured borrowing by itself or its subsidiaries, unless it falls within the following statements or any special conditions the LSC may include in the schedules to the financial memorandum.

- The LSC gives consent for unsecured borrowing by the College of up to 5 per cent of the College's total annual income.
- The LSC gives consent for secured borrowing by the College up to a cumulative maximum of 5 per cent of the College's total annual income in order to finance the construction, refurbishment or purchase of land and buildings provided that only the land and buildings so purchased or constructed are offered as security.

The LSC reserves the right to withdraw the College's consent to borrow where the LSC has assessed that there are financial or other major caused for concern in line with guidance which shall be issued after consultation."

### **19 Income and Banking**

#### **19.1 General**

The collection of all monies due to the College shall be under the general control and supervision of the Finance Director.

All receipt forms, invoices, tickets or other official documents in use and electronic

collection systems must have the prior approval of the Finance Director. These are controlled and issued by the Head of School for Student Corporate Services and enrolment forms by Admissions. No officer shall give a receipt for money received on behalf of the College on any form other than the official form.

Officers designated as accounting officers for the purpose of receiving monies due to the College shall keep such records in connection therewith as are set out in the Financial Procedures.

### **19.2 Maximisation of income**

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

Whenever it is proposed to introduce or revise scales of charges for services, the Principal shall approve the proposal. Such charges shall be reviewed not less frequently than once a year.

The Principal shall be responsible for overseeing the submission of all claims for grant to Government Departments and other external agencies.

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

All monies received must be paid to the Finance Office promptly. 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 the departmental petty cash float.

Personal or other cheques must not be cashed out of money received on behalf of the College.

Except by arrangement with the Principal every transfer of official monies from one member of staff to another shall be evidenced in the records by the signature of the receiving officer.

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

**Internet receipts:** any member of staff wishing to arrange for payment to be made to the College by the internet should seek guidance from the Head of School Student Corporate Services at an early stage.

#### **19.4 Collection of debts**

All monies owed to the College should be followed up in accordance with Credit Control Procedures. The Finance Director, together with the Head of School for Student Corporate Services, should ensure that:

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

Debts up to £1,000 can be written off by the Finance Director, higher amounts by the Principal. The Senior Management Team shall receive monthly reports on the aged debtor profile and the Corporation shall receive them quarterly.

The College will not utilise a system of credit limits, but will use rigorous debt recovery procedures to minimise the risk of bad debts.

#### **19.5 Student fees**

The procedures for collecting tuition and other fees from students must be approved by the Finance Director. The annual Fees Policy must be approved by the Corporation.

### **20 Other Income Related Activities**

#### **20.1 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.

#### **20.2 Off-site collaborative provision (franchising)**

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

There shall be a contract signed by the principal and on behalf of any partner organisation that shall comply with the LSC model contract (as amended from time to time) in place before any provision is made. If the format of the contract is changed,

the revised format shall be approved by the Corporation.

The impact of the contract(s) shall be considered as part of the College's development planning process. The Corporation shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the College's strategic plan.

Contracts for changes in off-site collaborative activity up to a limit of 5% of the total approved College LSC budget shall be approved in advance by the Management Accounts Review Group. Where the partnership would represent a significant departure from the College's strategic plan (more than of 5% of the total approved College LSC budget), the Corporation shall approve the departure, and the principal shall seek approval from the LSC to fund this increase in activity.

### **20.3 *European Union (EU) and other matched funding***

Any such project requires the approval of the Director Corporate prior to any commitment being entered into. Such approval shall be dependent upon the relevant Head of School 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 College must comply with paragraph 21 of the financial memorandum which states that the College must not use LSC funding to "...make bids or claims from any European source of funding on its own behalf or on behalf of the LSC without obtaining the LSC's written consent. The LSC will give reasonable consent. The LSC reserves the right to use LSC funds as match-funding for ESF co-financing projects. The College shall, if requested to do so by the LSC, inform learners or others that learning provision has been financed by the ESF."

### **20.4 *Additional payments to staff***

Any proposal that involves additional payments to permanent members of staff should be supported by a schedule of names and values and must be approved by the Principal. Payments to variable hours staff will be managed using the variable hours contracts system.

## **21 Expenditure**

### **21.1 *General***

All payments on behalf of the College shall be made by the Finance Office.

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

The Head of School 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 Policy and financial procedures.

The Head of School for Student Corporate Services shall maintain a register of authorised signatories and Heads of School must supply him/her with specimen signatures of those authorised to certify invoices for payment.

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

Heads of School and budget holders are not authorised to commit the College to expenditure without first ensuring that they have sufficient funds to meet the purchase cost.

### **21.3 Procurement**

The College must comply with all relevant UK and European regulations and requirements for acquisition of all goods and services and works as stated in paragraph 39 of the financial memorandum.

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. All staff must comply with the Purchasing Policy and all purchasing should be carried out in line with the principles of value for money and best value.

### **21.4 Purchase orders**

Official College orders must be placed for the purchase of all goods or services, with the following exceptions:

- those made using purchasing cards, company credit cards or petty cash
- those where formal agreements have been executed or a statutory duty exists (eg electricity supply and water rates)
- those where contracts have been entered into (eg student transport, cleaning, payroll bureau and photocopiers)
- examination fees
- catering and vending supplies at College satellite sites
- emergency callouts.

A more detailed list will be maintained in the Finance Office and agreed by the Finance Director.

Urgent orders may be given orally, but must quote an official purchase order number and the order then endorsed 'confirmation order only'.

### **21.5 Purchasing cards**

The introduction of any new purchasing cards must be approved by the Finance Director.

Holders of purchasing cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Cards must not be loaned to another person, nor should they be used for personal or private purchases.

Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs. The Finance Director shall determine what information is required on purchases made with purchasing cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained and cardholders must provide that information.

### **21.6 Tenders and quotations**

Heads of School and delegated budget holders must comply with the College's tendering and quotation procedures which are as follows:

- under £500 – the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained.
- from £500 to £3,000 – two or preferably three quotations should be obtained. These should be evidenced in writing and entered on the requisition, but the written record of a telephone conversation or copy of a price list would be sufficient.
- from £3,000 to £25,000 – three written quotations must be obtained where it is efficient to do so. The quotations must be retained for audit purposes and details of the relevant quotes must be entered on the requisition. This should be checked by Finance Office staff. If there is a situation where this is not an effective approach, an alternative must be agreed with the Principal or Finance Director.
- the award of contracts over £25,000 must be subject to the tendering procedures as set out in paragraph 21.7.

These limits apply to the overall value of multiple orders. One contract should not be broken down into several smaller contracts in order to avoid the requirement to obtain quotations.

If the goods or services are being purchased from a specialist supplier which precludes the obtaining of three quotations, this should be marked on the requisition and authorised by the Finance Director.

### **21.7 Tendering Procedures**

These regulations apply to all contracts for the supply of goods or services to or by the

College other than contracts of employment. The term "designated manager" means the manager designated by the Principal to let a particular contract.

A contract shall not be entered into until tenders have been invited except:-

- i. where the contract sum does not exceed a sum to be determined by the Corporation (currently £25,000).
- ii. where the contract sum exceeds that determined under (i) but the Principal considers that the contract must be entered into as a matter of urgency, in which case and, where appropriate, after consultation with the Chair of the Corporation, he/she may negotiate and enter into the proposed contract with any party provided that his action shall be reported to the Corporation, or
- iii. where a designated manager considers that the proposed contract should be negotiated, in which case it may be dealt with in accordance with paragraph 20.8.

Where a contract falls below the level requiring tendering, the Procurement Policy and Procedures and the Financial Procedures should be followed.

Every tender invitation shall state:-

- i. that no tender (or alteration to tender) will be considered unless it is contained in a sealed envelope, bearing the word "Tender".
- ii. that no tender (or alteration to tender) will be considered which is received after the closing date and time specified for receipt, and
- iii. the criteria for awarding the contract if other than price alone.

Tenders shall be held, opened and recorded in accordance with directions given by the Finance Director.

After tenders have been opened, tenders received after the closing date or which have not been submitted in accordance with these regulations, shall be opened and the contractor notified of the reasons for the tender not being considered.

After opening, the valid tenders shall be passed to the designated manager by whom they were invited. A designated manager may accept the lowest tender received, or such negotiated reduction thereof as he may achieve (or the highest tender where payment is to be received by the College).

The Corporation must approve the acceptance of a tender other than the lowest tender, if payment is to be made by the College, or the highest tender, if payment is to be received by the College.

### **21.8 Contract negotiation**

Where a designated manager considers that a proposed contract for the supply of

goods and services should be negotiated, he/she may do so with any contractor provided that he/she first seeks the approval of the Corporation.

### **21.9 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 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 approved by the Principal prior to the event, showing:

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

All post-tender negotiations should be reported to the Management Accounts Review Group.

### **21.10 Building projects**

Building contracts are the responsibility of the Director Corporate. Procurement for major building projects should be handled by professional project managers appointed by the College. They should follow the code of procedure for single stage selective tendering 1996 unless the project manager advises otherwise.

### **21.11 EU regulations**

Staff responsible for letting major contracts must ensure the College complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value. Action will need to be taken well in advance in order to permit advertisements in journals such as the *Official Journal of the European Community* (OJEC). Guidance on this can be sought from the Head of Facilities.

A breach of these EU regulations is actionable by a supplier or potential supplier.

### **21.12 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 record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.

### **21.13 Payment of Accounts and Invoices**

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

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

Heads of School/budget holders are responsible for ensuring that expenditure within their departments does not exceed funds available.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Finance Department. Care must be taken by the budget holder to ensure that discounts receivable are obtained.

Payments will only be made against invoices that have been certified for payment by the appropriate Head of School or budget holder.

Each Head of School/budget holder issuing an order is responsible for examining, verifying and certifying the related invoice and similarly for any other payment vouchers or accounts arising from sources within his/her department. The names of officers authorised to sign such records shall be maintained in the Finance Office together with specimen signatures and initials.

Each budget manager shall be responsible for the submission and certification of accounts for payment in accordance with the Financial Procedures. The certification of an invoice confirms that:

- the work, goods or services to which the account relates have been received, examined and approved with regard to quality and quantity,
- 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 and is a proper liability of the College. Any question as to what is a proper liability shall be determined by the Finance Director and the College solicitor.
- the relevant expenditure has been properly incurred, is properly chargeable and

within the relevant estimate

- where appropriate, an entry has been made on a stores record or inventory

Duly certified accounts should be passed without delay to the Finance Office who shall process them in accordance with the Financial Procedures.

#### **21.14 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. This is covered in section 22. In some cases, a cash advance can be given: this is set out in the Petty Cash Procedure which is available on the staff intranet.

#### **21.15 College credit cards**

Where appropriate, the Principal or the Finance Director may approve the issuing of College credit cards to senior staff. Such credit cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. The Head of School for Student Corporate Services will be responsible for setting in place a system to monitor the use of College credit cards and account for expenses charged through them. This is set out in the Credit Cards Procedure.

#### **21.16 Petty cash/imprest accounts**

Imprest accounts shall be set up with the authorisation of the Principal or the Finance Director.

All imprest accounts shall be managed in accordance with the College's Financial Procedure. The imprest account holder shall ensure that accounts do not become overdrawn.

Petty cash can be claimed up to a limit of £25 per transaction. Details are set out in the Petty Cash Procedure.

## **22 Pay Expenditure**

### **22.1 Salaries and wages**

The payment of all salaries, wages, pensions and similar benefits that are the responsibility of the College shall be under the control of the approved contractor via the Finance Director.

The College via the Assistant Accountant is responsible for collecting superannuation and national insurance payments from staff and passing on to the relevant bodies.

The Finance Director shall ensure that systems are in place to make sure that the approved contractor is notified promptly and in the form prescribed by him/her of all matters affecting the payment of staff and in particular:

- i. appointments, resignations, dismissals, suspensions, secondments and transfers;
- ii. absences from duty for sickness or other reasons, apart from approved leave.
- iii. changes in remuneration, other than normal increments and pay awards and agreements of general application; and
- iv. information necessary to maintain records of service for superannuation, income tax, national insurance and the like.

The approved contractor shall maintain all necessary personal records concerning pay, superannuation, national insurance contributions and income tax and notify the College of all relevant payments on behalf of both employees and the College to the appropriate Government agency.

Appointments of all employees shall be made in accordance with the policies and procedures of the College and the approved establishments, grades and rates of pay.

All time sheets or other pay documents shall be in a form set out in the Financial Procedures and shall be certified in manuscript by or on behalf of the designated manager.

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

### **22.2 Superannuation schemes**

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

The Assistant Accountant is responsible for day-to-day superannuation matters, including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes

Personnel is responsible for administering eligibility to pension arrangements and for informing the Assistant Accountant when deductions should begin or cease for staff.

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

All claims for payment of subsistence, travelling and incidental expenses shall be submitted, duly certified in a form and at a time set out in the Financial Procedures and the Expenses Policy.

The certification of expenses shall be taken to mean that the certifying officer is

satisfied 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.

The use of College credit cards for travel expenses will be in accordance with the Credit Card Procedure.

#### **22.4 Overseas travel**

All arrangements for overseas travel must be approved by the Director Corporate and 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 which is to be funded by the College shall be approved by the Corporation.

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.

Overseas travel and associated expenses will be authorised in accordance with the Expenses Policy and the Overseas Trips Policy.

#### **22.5 Payments for members of the Corporation**

Payments due to Members of the Corporation will be authorised by the Principal in accordance with the rates laid down by the Corporation upon receipt of the prescribed form duly completed. The Principal's expenses should be authorised by the Chair of Corporation.

#### **22.6 Payments to employees on termination of employment**

Paragraphs 40 to 42 of the financial memorandum set out the following requirements which must be adhered to:

“Payments made to employees on the termination of their employment should normally only be for the purposes of meeting contractual obligations and items such as pension enhancements within the limits set out in the relevant pension scheme rules.

Exceptions should be justified by explicit and quantified reference to value for money.

The College must be able to demonstrate that payments in respect of termination are regular, secure value for money and are affordable and avoid spending public funds on settlements where disciplinary action would have been more appropriate.

In determining individual settlements to senior postholders, or where settlements might be considered novel or contentious, the College must take appropriate professional advice and the terms of any final agreement should be agreed by the governing body. Appropriate records of each stage of negotiations shall be retained and the cost of all settlements must be declared in the College's financial statements. All settlements must be brought to the attention of the College's financial statements auditors."

Remuneration Committee will be responsible for considering severance packages for senior postholders.

## **23 Assets**

### **23.1 Purchase of land, buildings, fixed plant and machinery**

The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the Corporation and with reference to LSC requirements where exchequer-funded assets or exchequer funds are involved.

### **23.2 Inventories**

Inventories will be kept of high value assets (single items costing over £500) and those susceptible to theft. Assets to be included in these inventories will be notified by the Finance Officer to the designated managers who will be responsible for the ongoing maintenance of the inventories and the custody of the physical assets thereon. The inventory must include items donated or held on trust.

When transferring equipment, etc between departments, inventories must be amended accordingly.

A separate inventory will be maintained for all items of computer and audio visual equipment within the College by IT Technicians reporting to the Senior Manager CIS.

Inventories to be checked at least annually with the physical assets. Discrepancies will be investigated by the Finance Director. Discrepancies which cannot be resolved should be reported to the Principal.

The Principal or his/her representative may, at all reasonable times, have access to all property of the College and may make such checks and tests as he/she deems reasonable and necessary.

### **23.3 Stocks and stores**

Each Senior Manager/Head of School shall be responsible for custody and physical control of the stocks and stores of his/her department. He/she shall ensure that stocks and stores are not carried in excess of reasonable requirements.

Any significant surpluses or deficiencies revealed in any items of stock at any stock-taking shall be investigated by the Director Academic and the Finance Director.

Discrepancies which cannot be resolved should be reported to the Principal.

The Finance Director shall receive from each Manager such information as he/she requires in relation to stores for the financial records.

Surplus materials, stores or equipment shall be disposed of according to the same procedures as the disposal of fixed assets set out in Section 22.7 of these Regulations.

#### **23.4 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 Head of Facilities in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

The College's property shall not be removed otherwise than in accordance with the ordinary course of the College's business or used otherwise than for the College's purposes except in accordance with specific directions issued by the Manager concerned.

#### **23.5 Personal use**

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

#### **23.6 Asset disposal**

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

Assets thought to be surplus to requirement or assets to be offered in part exchange agreements must be brought to the attention of the Senior Management Team or Executive. No assets of the College shall be disposed of without approval by the Senior Management Team or Executive.

No disposal shall be made of immovable property without the approval of the Corporation.

Disposals of assets should either follow the Financial Regulations for tendering or obtaining quotations depending on the expected sales value.

Subject to the discretion of the Principal, the sale proceeds shall accrue to the College and not to the School initiating the sale.

#### **23.7 College Vehicles**

The use of College vehicles must be in line with procedures issued by the Head of Facilities and the Health & Safety Committee. In particular, College vehicles must never be taken by staff for private use.

## **24 Funds Held on Trust**

The Finance Director 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.

Records of Learner Support funds will be maintained according to LSC requirements.

## **25 Other**

### **25.1 Insurance**

The Assistant Accountant shall ensure that the appropriate insurance cover is arranged for the Board of Governors, that claims are negotiated referring, where necessary, to the College Solicitor and that records are maintained of all insurances effected and the property and risk covered thereby.

Managers shall give prompt notification to the Assistant Accountant of all new risks, properties or vehicles which require to be insured and of any alteration affecting existing insurances.

Managers shall notify the Finance Director or Assistant Accountant, without delay, of any loss, liability or damage or any event likely to lead to a claim.

The Finance Director shall regularly review all insurances in consultation with the Assistant Accountant, and ensure that the annual renewal is taking place.

Managers shall consult the Assistant Accountant respecting the terms of any indemnity which the College is requested to give.

### **25.2 Companies and joint ventures**

Under the Learning and Skills Act 2000, an College needs the prior approval of the LSC before a company or a joint venture providing education funded wholly or partly by the LSC can be established. Therefore the establishment of a company or joint venture must be approved by the Corporation, although it is not currently College policy to utilise either of these arrangements. Further detail is given in the financial memorandum paragraph 29.

### **25.3 Data processing**

The Principal shall be responsible to the Corporation for maintaining proper security and compliance with the Data Protection Act in respect of information held in the computer installations or for their use. It shall be released only to those officers authorised by the Principal.

### **25.4 Use of the College Seal**

The College seal is held by the Clerk to the Corporation. The Clerk is responsible for submitting a report to the Corporation detailing the use of the seal since the last report.

### **25.5 General Ledger**

The Finance Director shall be responsible for the security and operation of the computerised General Ledger system in terms of data input and maintenance. changes to standing data shall be authorised as set out in the Financial Procedures.

The Senior Manager CIS is responsible for the security and operation of the system in terms of hardware, software and associated IT systems.

All amendments to Financial Procedures shall be agreed by the Finance Director.

### **25.6 Learner Records**

The College recognises that accurate learner records, prepared in accordance with the latest guidance issued by the LSC, form the basis of providing valid funding claims to the LSC.

The maintenance of learner records is the responsibility of the Senior Manager CIS Manager, reporting to the Director Corporate and the Principal.

### **25.7 Provision of indemnities**

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

## **26 Appendices**

Appendix A      Audit Committee Terms of Reference

Appendix B      Management Accounts Review Group Terms of Reference

Appendix C      The Seven Principles of Public Life from the Report of the Committee for Standards in Public Life (The Nolan Report)

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## APPENDIX A: AUDIT COMMITTEE TERMS OF REFERENCE

1. The membership of the Committee shall be:
  - External Chair
  - Three Governors
2. The quorum for the meeting shall be two Governors.
3. An external Chair will chair the meeting; in their absence another Governor will be nominated to chair the meeting.
4. The Clerk to the Corporation shall act as Clerk to the Committee and keep appropriate records of the proceedings.
5. The Audit Committee will aim to meet once a term, although if there is minimal business to discuss a termly meeting may not be held on all occasions.
6. Terms of Reference:
  - To advise the Governing Body on the adequacy and effectiveness of the FE college's systems of internal control and its arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness (value for money).
  - To advise the Governing Body on the appointment, reappointment, dismissal and remuneration of the financial statements auditor and the IAS.
  - To advise the Governing Body on the scope and objectives of the work of the IAS, the financial statements auditor and the funding auditor (where appointed).
  - To ensure effective coordination between the IAS, the funding auditor (where appointed) and the financial statements auditor including whether the work of the funding auditor should be relied upon for internal audit purposes.
  - To consider and advise the Governing Body on the audit strategy and annual internal audit plans for the IAS.

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## APPENDIX B: MANAGEMENT ACCOUNTS REVIEW GROUP TERMS OF REFERENCE

1. The Management Accounts Review Group will carry out the following tasks:
  - Approve
    - Franchise agreements (up to 5% of total approved budget)
    - Delegable urgent financial issues
  - Review
    - Management accounts prior to Governing Body
    - Year end accounts prior to approval by Audit Committee and Governing Body
    - Budget and budget changes prior to approval by Governing Body
    - Updates to Financial Regulations prior to approval by Governing Body
    - Financial Forecast prior to return to the LSC
2. The membership of the Committee shall be:
  - Principal
  - Director Corporate
  - Minimum two Governors
3. The meeting will be chaired by a Governor.
4. A quorate meeting shall be two members (including one Governor).
5. The Clerk to the Corporation shall attend all meetings and produce Minutes of the meeting for presentation at the next Governing Body meeting.
6. Other Governors are welcome to attend meetings and other College staff at the invitation of any member of the Committee.
7. The group meets as business dictates but would expect to meet at least six times per annum.

### Procedural Note

Papers will normally be tabled at meetings to allow as up to date information as possible to be discussed.

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

**SELFLESSNESS**

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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**

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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**

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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**

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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**

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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**

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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**

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