



South Staffordshire College



---

# Financial Regulations

---

Reference: Version	Final
Policy Originator:	
Equality Impact Assessed:	October 2020
Approved by:	Finance Recovery, Board
Date Approved:	March 2021
Review Interval:	Biennial
Last Review Date:	March 2021
Next Review Date:	October 2021
Audience:	All Staff

## Financial Regulations

---

A	GENERAL PROVISIONS .....	3
1	Background .....	3
2	Status of Financial Regulations .....	3
B	CORPORATE GOVERNANCE AND RESPONSIBILITY .....	5
3	The Board of Governors .....	5
4	Accounting Officer (Principal and CEO).....	5
5	Committee Structure .....	6
6	Staff with Financial Responsibility.....	7
7	Code of Conduct including Gifts and Hospitality .....	9
8	Whistleblowing .....	10
9	Risk Management.....	10
C	FINANCIAL MANAGEMENT AND CONTROL .....	12
10	Financial Planning .....	12
11	Financial Control.....	13
12	Accounting Arrangements.....	14
13	Audit Requirements .....	16
14	Treasury Management.....	18
15	Income .....	19
16	Other Income-Generating Activity.....	21
17	Intellectual Property Rights and Patents .....	23
18	Expenditure.....	23
19	Pay Expenditure .....	28
20	Assets .....	30
21	Funds Held on Trust .....	32
22	Other.....	32
	APPENDIX A: SCHEME OF FINANCIAL DELEGATION .....	36
	APPENDIX B: VALUE FOR MONEY POLICY .....	38
	APPENDIX C: GIFTS AND HOSPITALITY POLICY .....	40
	APPENDIX D: ANTI-BRIBERY POLICY.....	41
	APPENDIX E: BAD DEBT MANAGEMENT POLICY .....	42
	APPENDIX F: TENDERING POLICY AND PROCESS .....	45

## **A GENERAL PROVISIONS**

---

### **1 Background**

- 1.1 South Staffordshire College ("The College") is a further education corporation created under the provisions of the Further and Higher Education Act 1992 ("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 Board of Governors, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2 The College is an exempt charity by virtue of the Charities Act 1993.
- 1.3 These Regulations reflect the FRS102 reporting standard and the changes to the FE/HE SORP.
- 1.4 These Financial Regulations ("the Regulations") set out the responsibility for financial management within the College, including any subsidiary undertakings the College may control.
- 1.5 The College is currently regulated by the Education & Skills Funding Agency (ESFA) ("the Funding Agency"). This term can equally apply to former agencies where reliance is still placed on their outputs or assurance methodologies, for example the Learning and Skills Council prior to April 2010.
- 1.6 The Financial Memorandum between the Funding Agency and the College sets out the terms and conditions on which the grant is made. The Board of Governors is responsible for ensuring that conditions of grant are met. As part of this process, the College must adhere to the Funding Agency Audit Code of Practice, which requires it to have sound systems of financial and management control. The Financial Regulations of the College form part of this overall system of accountability.

### **2 Status of Financial Regulations**

- 2.1 The Financial Regulations translate into practical guidance the College's broad policies relating to financial control. The Financial Regulations are approved by the Board of Governors on an annual basis.
- 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 Funding Agency and the Funding Agency Audit Code of Practice.
- 2.3 The purpose of these Financial Regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's strategic plan and business objectives:
  - Financial viability
  - Management of resources
  - Achieving value for money
  - Fulfilling its responsibility for the provision of effective financial controls over the use of public funds
  - Ensuring that the College complies with all relevant legislation
  - Safeguarding the assets of the College.
- 2.4 Failure to comply with any terms of these Regulations may result in disciplinary action being

instigated against the relevant member of staff.

- 2.5 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 Board of Governors will be notified of any such breach through the Audit Committee. It is the responsibility of all Managers to ensure that their staff are made aware of the existence and content of the College's Financial Regulations.
- 2.6 The Regulations form part of a comprehensive financial control framework in conjunction with the following policy documents: -
- Fraud Policy and Fraud Response Plan;
  - Whistleblowing Policy;
  - Fees Policy;
  - Risk Management Policy;
  - Business Continuity Policy;
  - Gifts and Hospitality Policy (as part of the Financial Regulations);
  - Anti-Bribery and Corruption Policy (as part of the Financial Regulations);
  - Human Resources Policies such as the Recruitment Policy and Redundancy Policy.

### **3 The Board of Governors**

- 3.1 The Board of Governors is responsible for the management and administration of the College. Its financial responsibilities are to:
- Ensure the solvency of the institution and the safeguarding of the institution'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 institution 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 institution's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the institution is not put at risk
  - Ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution
  - Plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure
  - Approve an annual budget before the start of each financial year
  - Approve tuition fees
  - Ensure that the institution complies with the Funding Agency's audit code of practice
  - Approve the institution's strategic plan and associated three year financial forecast
  - Approve the annual financial statements.

### **4 Accounting Officer (Principal and CEO)**

- 4.1 The Chief Executive and Principal is the College's Accounting Officer and is responsible for ensuring the financial administration of the College's affairs in accordance with the financial memorandum with the Funding Agency.
- 4.2 As the Accounting Officer, the Chief Executive and Principal may be required to justify any of the College's financial matters to the Public Accounts Committee at the House of Commons.
- 4.3 The Principal is the College's Chief Accounting Officer, is responsible to the Corporation for:-
- Ensuring compliance with the Funding Agency Financial Memorandum;
  - Preparing annual estimates of income and expenditure;
  - The management of resources within estimates approved by the Corporation;
  - Signing the balance sheet and the statement of corporate governance within the annual financial statements, and the three-year financial forecasts submitted to the Funding Agency.
- 4.4 The Chief Executive and Principal shall demonstrate their oversight of financial matters by signing the balance sheet and the Statement of Corporate Governance within the annual financial statements, and the Chief Executive and Principal's statement on the financial forecasts submitted to the Funding Agency.

- 4.5 Except when provided to the contrary by the Instrument and Articles of Government the Principal may delegate authority, but not responsibility, to other staff.

## **5 Committee Structure**

- 5.1 The Board of Governors has ultimate responsibility for the College's finances, but delegate's specific powers and processes to the Committees detailed below. These Committees are accountable to the Board of Governors. The Corporation may not delegate the following financial functions: -
- The approval of the annual estimates of income and expenditure (forecasts);
  - The responsibility for ensuring the solvency of the institution and the Corporation and for safeguarding their assets.

### **5.2 Corporation**

The monitoring of the College's financial position is undertaken by the Corporation. The Corporation will ensure that the requirements of the financial memorandum with the Funding Agency are fulfilled. The Corporation will also consider any other matters relevant to the financial duties of the Governing Body and make recommendations accordingly; ensuring that the Governing Body has adequate information to enable it to discharge its financial responsibilities.

- 5.3 The Corporation sets the framework for pay within the College and monitors relevant human resources measures such as staff turnover and absence. Consideration of senior post holder's pay and conditions is also the responsibility of the Corporation.

### **5.4 Audit Committee**

Colleges are required by their financial memorandum with the Funding Agency and by the Funding Agency Audit Code of Practice to appoint an Audit Committee. The Committee is independent, advisory and reports to the Board of Governors. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors.

- 5.5 The Committee is primarily responsible for ensuring that the College has robust processes for risk management and a system of internal control in operation.
- 5.6 The Committee is also responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The audit requirements of the College are set out in the Funding Agency audit code of practice.
- 5.7 The Committee should ensure that arrangements are in place for adequate insurance cover for the College.

### **5.5 Governance and Search Committee**

Colleges are required by the Articles of government to appoint a Search Committee to advise and report to the Board on governance issues including the appointment of members. As well as this remit for governance the Governance and Search Committee also advises the Board on the disciplinary and grievance procedures of holders of senior posts. Senior Post Holders are deemed to be the post of Chief Executive and Principal and other such posts as the Board may from time to time determine for the purpose of the Articles of Government.

## **5.6 Remuneration Committee**

The College appoints a Remuneration Committee to advise and decide upon recommendations and decisions regarding Senior Post Holder pay. Holders of senior posts are deemed to be the post of Chief Executive and Principal and other such posts as the Board may from time to time determine for the purpose of the Articles of Government.

## **5.7 Other Committees**

Task and Finish Groups are set up to address specific issues and are made up of representatives from Governors, College management, staff and other stakeholders as appropriate. The work undertaken is reported to the Board of Governors for decisions. There are currently two Task and Finish Groups in operation:

- Finance Recovery Group – established to provide an overview of the College's finances during its financial recovery and renegotiation of its debt.
- Quality Recovery Group – established to provide an overview of the College's work to improve on learner outcomes and other quality measures.

## **6 Staff with Financial Responsibility**

6.1 As stated in 0, except when provided to the contrary by the Instrument and Articles of Government, the Principal may delegate authority, but not responsibility, to other staff.

6.2 The Principal may suspend these regulations in extreme circumstances limited to:

- A major incident involving the College operations where decisions need to be taken quickly to rectify the issue.
- A major loss of staff, particularly authorising signatories.

### **6.1 The Deputy Principal Finance and Resources**

The Deputy Principal Finance and Resources is responsible to the Chief Executive and Principal for the administration of the financial affairs of the College. They shall provide financial advice to the Board of Governors and its Officers; shall supervise the implementation of the Board of Governors' financial policies; design; implement and supervise financial control systems as the Board of Governors may require for the purpose of carrying out its duties specifically:

- ensuring that the College maintains satisfactory financial systems
- providing professional advice on all matters relating to financial policies and procedures

6.2 They will prepare and maintain such accounts, estimates, records and reports as the Board of Governors may require for the purpose of carrying out its duties specifically:

- preparing annual capital and revenue budgets and financial plans
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- preparing the College's annual accounts and other financial statements and accounts which the College is required to submit to other authorities
- providing professional advice on all matters relating to financial policies and procedures
- day-to-day liaison with internal and external auditors in order to achieve efficient processes.
- shall ensure that existing and new members of staff are informed of their responsibilities within

the terms of these Regulations

- preparing any other financial information as required by the funding bodies.

### **6.3 Assistant Principals, Leaders of School/Support Services**

Assistant Principals and Leaders of School/Support Service are responsible to the Principal for: -

- Financial management for the areas or activities they control
- Establishing and maintaining clear lines of responsibility in their department for financial matters
- Devolved budgets when resources are devolved to budget managers
- Maintaining equipment lists for equipment under the control of the department
- Providing information required for the completion of College financial statements, financial planning or other audits, reviews or projects.

### **6.4 Procurement Card Holders**

Government Procurement Cards may be issued to budget holders and/or staff members, with the following additional responsibilities: -

- Keeping the procurement card and the card details secure
- Using the card only in accordance with the Regulations and procurement procedures agreed by the Finance Department
- Obtaining best value in procurement for the College
- Acting ethically and with integrity in all dealings using the card.

### **6.3 Budget holders**

Budget holders are responsible to the Chief Executive and Principal for financial management for the areas or activities they control. They are advised by the Deputy Principal Finance and Resources in executing their financial duties.

6.4 There should be no financial systems, accounts or records operating independently within the College other than that operated centrally and supervised and approved by the Deputy Principal Finance and Resources.

6.5 All members of the Executive Leadership Team and the Senior leadership Team are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters.

6.6 Budget holders shall provide the Deputy Principal Finance and Resources with such information as may be required to enable:

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

### **6.4 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.

6.5 They should ensure that they are aware of the College's financial authority limits (see Appendix A) and the values of purchases for which quotations and tenders are required (see 18.5).



- 6.6 They shall make available any relevant records or information to the Deputy Principal Finance and Resources 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.
- 6.7 They shall provide the Deputy Principal Finance and Resources with such financial and other information as they may deem necessary, from time to time, to carry out the requirements of the Board of Governors.
- 6.8 They shall immediately notify the Deputy Principal Finance and Resources whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the College. This will include any suspected loss of any College property. The responsible manager must subsequently provide a written report to the Deputy Principal Finance and Resources having ascertained the full details of the suspected loss. The Deputy Principal Finance and Resources shall take such steps as they consider necessary by way of investigation and report but in any event should the suspected loss exceed £100, or could lead to adverse publicity, they will consult the Chief Executive and Principal.
- 6.9 All staff have a responsibility for ensuring "value for money" is obtained in all matters.

## **7 Code of Conduct including Gifts and Hospitality**

- 7.1 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. In addition, the College expects that staff at all levels will observe its code of conduct which covers:
- Probity and propriety
  - Selflessness, objectivity and honesty
  - Relationships.
- 7.2 Additionally, members of the Board of Governors, senior management or those involved in procurement are required to disclose interests in the College's register of interests maintained by the Clerk to the Corporation. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly.
- 7.3 In particular, no person shall be a signatory to a College contract where they also have an interest in the activities of the other party.
- 7.4 It is an offence under the Bribery Act 2010 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be:
- The conduct of individuals should not create suspicion of any conflict between their official duty and their private interest
  - The action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

- 7.5 Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality.
- 7.6 The frequency and scale of hospitality accepted should not be significantly greater than the College would be likely to provide in return.
- 7.7 When it is not easy to decide between what is and what is not acceptable in terms of hospitality, the offer should be declined or advice sought from the Deputy Principal Finance and Resources.
- 7.8 A register of hospitality/gifts will be maintained by the Clerk to the Corporation on behalf of the Deputy Principal Finance and Resources and any instances must be duly reported by the recipient in order that a record can be kept.
- 7.9 The College's agreed policies for hospitality and gifts can be found in Appendix C of these Financial Regulations.
- 7.10 The College will take swift and strong action against any member of staff who offers, or receives, bribes in any form. There is guidance in the College's Anti-Bribery Policy, which can be found in Appendix D of these Financial Regulations.

## **8 Whistleblowing**

- 8.1 Whistleblowing in the context of the Public Interest Disclosure Act as updated by the Enterprise and Regulatory Reform Act 2013 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.
- 8.2 Normally, any concern about a workplace matter at the College should be raised with the relevant member of staff's immediate line manager or SLT member. However, the College recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.
- 8.3 A member of staff may, therefore raise concerns directly with the Assistant Principal HR who will make any necessary enquiries and make his/her own report to the Executive Leadership Team/Board of Governors.
- 8.4 The College procedure for whistleblowing is set out in the Whistleblowing Policy.

## **9 Risk Management**

- 9.1 The College acknowledges the risks inherent in its business and is committed to managing those risks which pose a significant threat to the achievement of its business objectives and financial health. The Risk Management Group meet at least termly and operate within the Risk Management frameworks.

- 9.2 The Board of Governors 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.
- 9.3 In line with this process, the Board of Governors requires that the risk management strategy include:
- The adoption of common terminology in relation to the definition of risk and risk management
  - The establishment of College-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together
  - A decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes
  - Detailed regular review by managers in line with the action plans which underpin the Risk Register (updated annually as a minimum) to identify significant risks associated with the achievement of key objectives and other relevant areas
  - Development of risk management action plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for implementing the action plan for the risk in question
  - Regular reporting to the Board of Governors on progress of risk management
  - A biennial review of the risk management process
  - The policy and procedures must be capable of independent verification.
- 9.4 Budget holders must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The Deputy Principal Finance and Resources' advice should be sought to ensure that this is the case.

## **C FINANCIAL MANAGEMENT AND CONTROL**

---

### **10 Financial Planning**

- 10.1 The Deputy Principal Finance and Resources is responsible for preparing annually a rolling three-year financial plan for approval by the Board of Governors and for ensuring such approved document is submitted in line with the Funding Agency requirements. Financial plans should be consistent with the strategic plans and accommodation strategy approved by the Board of Governors. Timescales set for this process need to meet deadlines specified by both the Funding Agency and the appropriate Board meetings.

#### **10.2 Budget objectives**

The Board of Governors will each year agree budgetary objectives for the College. These will be reported in the annual budget update and progress reported in the monthly management accounts.

#### **10.3 Resource allocation**

Resources are allocated annually by the Board of Governors on the basis of the above objectives. Budget holders are responsible for the economic, effective and efficient use of resources allocated to them.

#### **10.4 Budget preparation**

The Deputy Principal Finance and Resources is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Board of Governors. The budget should also include a cash flow forecast for at least one year and a projected year-end balance sheet. The Deputy Principal Finance and Resources must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to budget holders following their approval by the Board of Governors.

- 10.5 Within the annual planning cycle, each budget holder will be asked to give careful consideration to the resources required in their particular area and to prepare a formal response in line with the agreed budget process. These will be discussed at a meeting with the Deputy Principal Finance and Resources and the appropriate ELT/SLT member, having regard to the College strategic priorities, objectives and available resources overall. Comparisons will be made against resource performance indicators and available benchmarks.

- 10.6 Every budget holder will be given the opportunity to bid for resources, including capital, which in turn, will inform the preparation of a balanced budget for the College as a whole.

- 10.7 During the year, the Deputy Principal Finance and Resources is responsible for submitting a mid-year revised budget to the Board of Governors for approval.

#### **10.8 Capital programmes**

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 inclusion in the College's financial statements.

- 10.9 Expenditure of this type will, normally, only be considered as part of the annual capital bid process as determined by the Deputy Principal Finance and Resources. This will be scheduled in order to

be included in the Three Year Financial Forecast in order for the Board of Governors to approve.

10.10 The Deputy Principal Finance and Resources will establish protocols for the inclusion of capital projects with a significant value (i.e. more than £500,000) in the capital programme for approval by the Board of Governors. 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.

10.11 The Deputy Principal Finance and Resources will also establish procedures for the approval of variations, including the notification of large variations to the Funding Agency, as laid down in Funding Agency guidelines. The Deputy Principal Finance and Resources is responsible for providing regular updates on capital expenditure to the Board of Governors for monitoring purposes. This will normally be done through the monthly management accounts or for large projects by a detailed report.

10.12 Following completion of a capital project, a post-project evaluation or final report should be submitted to the Board of Governors, or a committee established for that specific purpose, 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 Agency, as laid down in Funding Agency grant contracts.

#### **10.13 Capital Grants**

Government capital grants are not deducted from the cost of the asset but are treated as deferred capital grant income

10.14 Capital grants can be released according to two different models:

- Performance Model where income is recognised as a whole when the performance specification has been met
- Accruals Model where grant income is gradually amortised from the balance sheet to the profit and loss over the estimated operational life of the asset

10.15 From 1<sup>st</sup> August 2019, the College has opted to return to the accruals model of accounting for capital grants. In the case where the grant relates to acquired land, the performance model must be used.

10.16 Government capital grants are classed as ESFA or non-ESFA grants (which also incorporate FEFC, LSC and SFA grants). In the case where the grant does not cover the full cost of the asset, the grant element of the asset is classed as grant funded, and the remaining amount is classed as non-grant funded

#### **10.17 Overseas activity**

In planning and undertaking overseas activity, the College must have due regard to the relevant guidelines issued by the Funding Agency.

## **11 Financial Control**

### **11.1 Budgetary control**

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

11.2 Any anticipated significant departures (10% or £1,000 (whichever is the lower)) from agreed individual budgetary targets must be reported immediately to the Deputy Principal Finance and Resources by the budget holder concerned and, if necessary, corrective action taken.

11.3 Expenditure for which no provision has been made in an approved budget will only be approved if agreed with the Deputy Principal Finance and Resources.

#### **11.4 Financial information**

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

11.6 The Deputy Principal Finance and Resources is responsible for ensuring budgetary reports are submitted on all aspects of the College's finances to the Board of Governors on a basis determined by the Board of Governors but subject to any specific requirements of the Funding Agency. These reports are presented to the Board of Governors, which has overall responsibility for the College's finances but may be considered initially by a committee or a group of Governors specifically established for that purpose.

#### **11.7 Budget transfers (Virement)**

Where a budget holder is responsible for more than one budget, virement is permitted between the non-pay elements, with agreement. Normally such virement will be limited to no more than 5% or £5k and requires the specific agreement of the Deputy Principal Finance and Resources, such evidence can be written or electronic.

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

At the year end, budget holders will not have the authority to carry forward any balance on their budget to the following year. At the year- end Budget holders must inform the Deputy Principal Finance and Resources of outstanding commitments. The Deputy Principal Finance and Resources will issue guidelines for this purpose.

11.9 For any commercial activities then at the financial year end the relevant Director must agree the income and expenditure for the year with the Deputy Principal Finance and Resources. A summary report will be prepared by the Deputy Principal Finance and Resources showing contributions made by each commercial activity undertaken in the year.

## **12 Accounting Arrangements**

### **12.1 Financial year**

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

### **12.2 Basis of accounting**

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

### **12.3 Format of the financial statements**

The financial statements are prepared in accordance with the Further and Higher Education Statement of Recommended accounting Practice (F&HE SORP) 2015 or as updated subject to any specific requirements of the Funding Agency, and in accordance with the provisions of the Companies Act 2006, where that is appropriate.

#### 12.4 Capitalisation and depreciation

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

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

12.6 Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £2,000 or more. Where a specific project is undertaken such as equipping a room and the total expenditure exceeds £2000, although individual items may not, this will be treated as one purchase and capitalised. Capitalised assets other than land and buildings will be depreciated on a straight line basis over its useful economic life as follows:

<b>Tangible Asset</b>	<b>Depreciation years (on straight line basis)</b>
Freehold land and buildings	Permanent 50 years, Temporary 20 years
Leasehold land and buildings	Remaining lease term (to maximum of 50 years)
Motor vehicles	7 years
Fixtures and fittings	5 years
Equipment (non-IT)	10 years
IT equipment or IT room fit-out	3 - 5 years, depending on estimated useful life
Specialised software	5 years

#### 12.5 Accounting records

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

12.6 The College is required by law to retain prime documents for six years, or as otherwise required by Funding Agency. These include:

- Official purchase orders
- Paid invoices
- Accounts raised
- Bank statements
- Copies of receipts
- Payroll records, including part-time lecturers' contracts.
- Pension records

- 12.7 The Deputy Principal Finance and Resources will make appropriate arrangements for the retention of electronic records.
- 12.8 Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations and particularly in relation to European Grant Funds which are outlined in the retention of documents procedure.
- 12.9 Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder.

#### **12.6 Public access**

The Colleges Accounts Direction requires that Colleges make their annual audited accounts available on their websites by 31 January of each year as well as retaining at least two years of accounts on the website. Arrangements are also made for hard copies to be made available to the public on request.

#### **12.7 Taxation**

The Deputy Principal Finance and Resources is responsible for advising budget holders, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. Therefore the Deputy Principal Finance and Resources will issue instructions to managers on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty, as required.

- 12.8 The Deputy Principal Finance and Resources is responsible for ensuring the College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

### **13 Audit Requirements**

- 13.1 External auditors (financial, teachers pensions and regularity) and internal auditors shall have authority to:
- Access College premises at reasonable times
  - Access all assets, records, documents and correspondence relating to any financial and other transactions of the College
  - Require and receive such explanations as are necessary concerning any matter under examination
  - Require any employee of the College to account for cash, stores or any other College property under his or her control
  - Access records belonging to third parties, such as contractors, when required.
- 13.2 The Deputy Principal Finance and Resources is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.
- 13.3 The financial statements should be reviewed by the Audit Committee to aid their consideration of the Statement of Corporate Governance and Internal Control and then submitted to the Board of Governors for approval.

#### **13.4 Financial statements and regularity audits**



The appointment of financial statements auditors for the main financial statements of the College will take place annually and is the responsibility of the Board of Governors. The Board of Governors will be advised by the Audit Committee. The financial statements auditor will also undertake the regularity audit unless otherwise required by the Funding Agency/bodies.

- 13.5 The primary role of this financial statements 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 Funding Agency post 16 audit code of practice and the Auditing Practices Board's statements of auditing standards.

#### **13.6 Internal audit**

The provider of the internal audit service is appointed by the Board of Governors on the recommendation of the Audit Committee.

- 13.7 The College's financial memorandum with the ESFA no longer requires that it has an internal audit function although the Group has chosen to retain one. The main responsibility of internal audit is to provide the Board, the Chief Executive and senior management with assurances on the adequacy of the internal control systems.
- 13.8 The Board on the recommendation of the Audit Committee appoints the internal auditor, which is subject to periodic competitive tender. The Audit Committee will approve the scope of Internal Audit work on an annual basis.
- 13.9 The internal audit service remains independent in its planning and operation but has direct access to the Board of Governors, Chief Executive Principal and Chair of the Audit Committee.

#### **13.10 Fraud, bribery and corruption**

It is the duty of all members of staff, management and the Board of Governors to notify the Deputy Principal Finance and Resources immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. Fraud includes any form of cyber crime where money or equivalent has been stolen, or there is an attempt to extort money from an individual or from the organisation, e.g. by threatening to wipe a hard drive or network.

- 13.11 If the suspected fraud is thought to involve the Deputy Principal Finance and Resources the member of staff shall notify the Chief Executive Principal of their concerns regarding irregularities.
- 13.12 If the suspected fraud is thought to involve the Chief Executive Principal the member of staff shall notify the Chair of the Board of Governors direct or via the Deputy Principal Finance and Resources who will then notify the Chair of the Board of Governors.
- 13.13 A fraud risk assessment will be completed annually and shared with the Audit Committee. The risks assessment should highlight the key risks in terms of potential and actual fraud during the year.

#### **13.14 Money Laundering**

The College nominates the as its Money Laundering Reporting Officer.

### **13.15 Value for money**

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

13.16 The Deputy Principal Finance and Resources will report annually to the Board of Governors on progress on Value for Money activities within the College. A key strategy in this regard will be the agreement of annual efficiency targets to be agreed with budget-holders as part of the annual budget-setting process.

13.17 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.

### **13.18 Other auditors**

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

## **14 Treasury Management**

### **14.1 Treasury management strategy**

The Board of Governors is responsible for approving treasury management strategies for cash management, long-term investments and borrowings. The strategy for the investment of surplus funds is as follows: -

### **14.2 Periods of deposit**

These will be assessed based on information in forecasts of cash-flow, always maintaining a minimum of £1,500,000 (approximately one month's payroll) on no greater than 30 days availability. Any sums to be placed for greater than 12 months will be identified in the annual budget to the Board of Governors. Other periods will be assessed and approved in writing by the Deputy Principal Finance and Resources.

### **14.3 Risk Management**

Where total deposits exceed £5,000,000 the College will seek to place sums with two or more institutions, to achieve a reasonable spread of risk. The risk rating of deposit-takers used will be regularly reviewed and any deterioration in rating result in the funds being placed elsewhere.

### **14.4 Approved Deposit Takers**

The College will generally place sums with the banks in deposit accounts unless significant benefit can be obtained by placing sums elsewhere. In these circumstances the Chief Executive Principal or the Deputy Principal Finance and Resources are authorised to place College funds: -

- On deposit with the other major UK Clearing banks.
- On deposit with building societies with assets more than £1 billion belonging to the Building Societies Association.
- On the financial money markets through a major UK bank or reputable broker.

14.5 Each term the Deputy Principal Finance and Resources will survey the market for rates, and will report to the Executive Leadership team, with an update annually for the Board of governors (this update may be undertaken via the Three-Year Financial Forecast).

#### 14.6 **Appointment of bankers and other professional advisers**

The Board of Governors is responsible for the appointment of the College's bankers and other professional financial advisers. The appointment shall be for a specified period (3-5 years would be the expected term) after which consideration shall be given to competitively tendering the service.

#### 14.7 **Banking arrangements**

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

14.8 Only the Chief Executive Principal and the Deputy Principal Finance and Resources 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.

14.9 All cheques drawn on behalf of the college must be signed in an approved form. All cheques must be signed in accordance with the approved signing limits. Details of authorised persons and limits are shown in the scheme of delegation (Appendix A).

14.10 All automated transfers on behalf of the college, such as BACS, CHAPS, FASTER or other payment instructions, must be authorised in the appropriate manner. Details of authorised persons and limits are shown in the financial procedures.

14.11 The Deputy Principal Finance and Resources shall ensure that appropriate mechanisms are in place to carry out random and independent checks in relation to automated payments.

14.12 The Deputy Principal Finance and Resources is responsible for ensuring that all bank accounts are subject to at least monthly reconciliation and that large or unusual items are investigated as appropriate. Any concerns are to be reported immediately to the Deputy Principal Finance and Resources.

## 15 **Income**

### 15.1 **General**

The Deputy Principal Finance and Resources is responsible for ensuring that appropriate

procedures are in operation to enable the College to receive all income to which it is entitled. The format and content of receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Deputy Principal Finance and Resources

- 15.2 Levels of charges for services rendered including tuition fees, goods supplied and rents and lettings are determined by the Fees Policy. The Deputy Principal Finance and Resources shall undertake an annual review of fees and charges for approval by the Executive Leadership Team.
- 15.3 The Deputy Principal Finance and Resources is responsible for the prompt collection, security and banking of all income received.
- 15.4 The Deputy Principal Finance and Resources is responsible for ensuring that all grants notified by the Funding Agency and other bodies are received and appropriately recorded in the College's accounts.
- 15.5 The Deputy Principal Finance and Resources, and where appropriate the members of ELT/SLT are responsible for ensuring that all claims for funds, including research grants and contracts, are submitted by the due date.

#### 15.6 **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 Deputy Principal Finance and Resources of sums properly due so that collection can be initiated. All College Managers will be expected to be pro-active in this regard.

#### 15.7 Receipt of cash, cheques and other negotiable instruments

All monies received throughout the College from whatever source must be recorded by the department on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments.

- 15.8 All monies received must be kept secure and safeguarded, paid over intact to the Hub cashier in the College promptly, and in accordance with a timetable prescribed by the Deputy Principal Finance and Resources and set out in financial procedures. It is important that a receipt is issued by the Hub to acknowledge the transfer of the cash to the Hub. The custody and transit of all monies received must comply with the requirements of the College's insurers.
- 15.9 All sums received must be paid in and accounted for in full and must not be used to meet miscellaneous departmental expenses. No deductions may be made from any cash collected on behalf of the College prior to paying into the Hubs or the Finance Office.

#### 15.10 **Receipts by credit or debit card or via electronic payment systems such as Paypal**

The College may only receive payments by debit or credit card or via electronic payments systems using procedures approved by the Deputy Principal Finance and Resources.

#### 15.11 **Collection of debts**

The Deputy Principal Finance and Resources 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 relevant financial procedures
- outstanding debts are monitored and reports prepared for management.

15.12 The Deputy Principal Finance and Resources can implement credit arrangements and indicate the periods in which different types of invoice must be paid.

15.13 Debts may be authorised to be written off in accordance with the limits set out in the scheme of financial delegation (Appendix A).

#### **15.14 Student fees**

The procedures for collecting student fees must be approved by the Deputy Principal Finance and Resources. They are responsible for ensuring that student fees due to the College are collected in a timely manner and in accordance with detailed procedures.

15.15 Fees should be collected in full before completion of the learning programme with learners contacted to request they come into College to agree how they can pay any outstanding sums due. Certificates will be held back pending discussions with the learner where sums remain outstanding. Learners should not be permitted to enrol on a second year or a further qualification if they are a college debtor unless a repayment plan has been agreed with the Financial Controller or Deputy Principal Finance and Resources. Such repayment plan should expect immediate payment in part or full by debit/credit card followed by standing order payment(s) where there is part settlement of the debt.

## **16 Other Income-Generating Activity**

### **16.1 Short courses**

Any staff wishing to run a short course must have the permission of their ELT/SLT manager and the Deputy Chief Executive (Curriculum and Quality). The course organiser will be responsible to their line manager for day-to-day management of the course.

16.2 Courses or conferences organised by members of staff must be costed in agreement with the Deputy Principal Finance and Resources using an agreed format before any commitments are made. All courses must cover at least the direct costs and an agreed contribution towards premises and administration costs unless agreed by the Chief Executive Principal in liaison with the relevant Director and the Deputy Principal Finance and Resources.

16.3 Any deficits on short courses will be a charge on faculty funds.

#### **16.4 Off-site collaborative provision (subcontracting/partnerships)**

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.

- 16.5 The College should register the subcontractor via Funding Agency processes before the start of the financial year. There must be a clear rationale for working with the subcontractor in terms of strategic fit of the provision offered, and this should fit with the College's subcontractor strategy. A contract must be signed by the Chief Executive Principal and on behalf of any partner organisation that shall comply at least with the Funding Agency model contract (as amended from time to time) in place for any provision. The Funding Agency shall be advised of subcontracted activity in accordance with the prescribed procedures.
- 16.6 The impact of the contract(s) shall be subject to scrutiny by the Board of Governors. They shall consider the risk factors associated with the proposed partnership as well as the budget impact. Regular updates will be provided to the Board of Governors. The Board should also ensure that the College has an approved Supply Chain Fees and Charges Policy, and that this Policy is placed on the College website for information.
- 16.7 Where the partnership would represent a significant departure from the College's strategic plan, the Board of Governors shall approve the departure, and the Chief Executive Principal shall seek the views of and inform the Funding Agency.

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

Where approaches are made to outside bodies for support for projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the Executive Leadership Team to ensure that the financial implications have been appraised.

- 16.9 Any such project requires the agreement of the Chief Executive Principal prior to any commitment being entered into. Such approval shall be dependent upon the relevant budget holder 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 processes.
- 16.10 Individual applications for funds in excess of £75,000 shall be the subject of a report by the Deputy Principal Finance and Resources to the Board of Governors which will set out, amongst other things, the potential risks generated by the project.
- 16.11 If the College sub-contracts such work to external providers, the Deputy Chief Executive (Curriculum and Quality) shall ensure that:
- This is on the basis of a written contract which allows for full audit access to detailed records
  - Appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality
  - Payments are only made against detailed invoices supported by appropriate evidence and data from College MIS and according to the requirements of the funding source and processes agreed by the Deputy Principal Finance and Resources.
- 16.12 Project grants and contracts shall be accepted on behalf of the college by the Chief Executive

Principal or his nominee who may only be either the Deputy Principal or the Deputy Principal Finance and Resources.

- 16.13 The relevant Director shall provide the Deputy Principal Finance and Resources with such financial and other information as he may deem necessary, from time to time, to maintain all financial records relating to projects and contracts and to initiate all claims for reimbursement from sponsoring bodies by the due date.
- 16.14 Each project or contract will have an agreed income and expenditure budget which will be assigned to a specific budget holder. The budget holder may delegate day-to-day control of the account to a project manager, but any overspend or under-recovery of overheads remains the responsibility of the budget holder.

## **17 Intellectual Property Rights and Patents**

- 17.1 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. Any income derived from the exploitation of these rights is due to the college, not individual members of staff and this is a condition of employment.
- 17.2 The Board of Governors upon the advice of the Deputy Principal Finance and Resources is responsible for establishing procedures to deal with any patents accruing to the College from inventions and discoveries made by staff.

## **18 Expenditure**

### **18.1 General**

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

### **18.2 Scheme of financial delegation**

Budget holders are responsible for purchases within his or her department. Purchasing authority may be delegated to named individuals within the department, in accordance with the scheme of delegation in Appendix A as agreed with the Deputy Principal Finance and Resources. In exercising this delegated authority, budget holders are required to observe the procurement and other appropriate financial procedures.

- 18.3 Budget holders and those with delegated authority should ensure that no expenditure within their area of management is committed without first reserving sufficient funds to meet the purchase cost and without an official purchase order. Any such purchases to be appropriate to the business and to have due regard for value for money.
- 18.4 Under procedures agreed by the Deputy Principal Finance and Resources, central control shall be exercised over the setup of requisitioners and authorisers and their respective financial limits within the online ordering system. The authorisation limits for committing expenditure are set out in the Scheme of Financial Delegation (Appendix A).

18.5 For paper-based payment systems, such as pay and travel claims, the Deputy Principal Finance and Resources shall ensure a register of authorised signatories is maintained and for this budget holders must supply him or her with specimen signatures of those authorised to certify claims.

18.6 The Deputy Principal Finance and Resources is responsible for preparing a detailed Scheme of Financial Delegation which forms part of the College's Financial Regulations (see Appendix A).

#### 18.7 **Procurement**

The College requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost whilst consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice. Factors to be considered in determining lowest cost are noted in the financial procedures. No contract exceeding one year in duration may be entered into without the agreement of the Deputy Principal Finance and Resources.

18.8 The Deputy Principal Finance and Resources is responsible for:

- ensuring that the College's Procurement Strategy is known and observed by all involved in purchasing for the College
- advising on matters of College purchasing
- advising and assisting departments where required on specific departmental purchases
- developing appropriate supply arrangements on behalf of the College to assist budget holders in meeting their value for money obligations
- ensuring that budget holders are aware and comply with EU regulations on purchasing levels

#### 18.9 **Purchase orders**

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

18.10 Official College orders must be placed for the purchase of all goods or services using the online ordering system, except those made using petty cash or procurement cards. In exceptional circumstances, urgent orders may be given verbally, but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.

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

#### 18.12 **Receipt of goods**

All goods shall be received and signed for in accordance with the college procedures and all relevant documentation should be kept on file, normally this is the responsibility of the requisitioner, as evidence to support the payment of invoices.

#### 18.13 **Tenders and quotations**

All budget holders must comply with the College's tender process contained in the College's financial procedures, which are applicable as follows:

- under £2,000 (including VAT) – the budget holder shall have the discretion to decide whether



or not to obtain quotations, but value for money must always be obtained

- from £2,000 to £9,999 (including VAT) – the budget holder shall be required to obtain at least three competitive quotations from recognized suppliers unless the Chief Executive Principal or his nominee waives this need because it would be impractical or inappropriate
- from £10,000 to £75,000 (including VAT) – the budget holder shall be required to obtain at least three written competitive quotations from recognized suppliers unless the Chief Executive Principal or his nominee waives this need because it would be impractical or inappropriate
- over £75,000 (including VAT) – all items will require a competitive tender to be undertaken and shall be authorised by the Board of Governors. In exceptional cases the need for competitive quotes may be waived by the Board of Governors but adherence to EU rules must be enforced (section 18.7 below refers).

18.14 Only partnership arrangements for the supply of goods or services specifically approved by the Board of Governors will fall outside these arrangements for tenders and quotations.

18.15 If the commitment being considered is for a number of items or for a service which extends beyond one year, then the total expected cost for all items and/or years must be used to determine which of the above limits apply before any formal order may be progressed. No artificial 'splitting' of orders to avoid the financial limits above is permissible.

#### **18.16 Contract**

Significant building contracts (£500k and over) are the responsibility of the Board of Governors, or a committee established for the specific purpose, and are administered by the Deputy Principal Finance and Resources.

18.17 Proposals will normally be initiated by the Deputy Principal Finance and Resources or the Chief Executive Principal in respect of planned replacements, general improvement schemes, space planning or in response to requests from faculties.

18.18 Consultants may be appointed if the project, as determined by the Board of Governors, or a committee established for the specific purpose, is too large or too specialised for College resources. Appointments shall be subject to tendering and other procedures where appropriate.

18.19 Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Deputy Principal Finance and Resources as appropriate for consideration by the Board of Governors, or a committee established for the specific purpose. Investment appraisals should comply with appropriate Funding Agency guidance.

18.20 Following approval by the Board of Governors, submissions should be forwarded to the Funding Agency where appropriate. If the required agreement is secured from the Funding Agency, Funding Agency procedural rules should be followed. Funding Agency guidance on best practice should be followed even when Funding Agency approval is not required.

18.21 The achievement of value for money will be an objective in the letting of all contracts. In addition, the College is committed to working with those who can demonstrate a pro-active approach to sustainability and therefore this will be taken into consideration when making decisions on contracts.

18.22 Conditions of contract for the purchase of goods will be followed as described in the College's

detailed financial procedures.

#### **18.23 EU regulations**

The Deputy Principal Finance and Resources and all budget holders are responsible for ensuring 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 specified threshold values net of VAT (currently £189,330 for equipment and services) which are normally reviewed every other year (next review due January 2021) and current limits can be accessed on-line at the following address:

<http://www.ojec.com/Thresholds.aspx>

18.24 The Deputy Principal Finance and Resources will advise the Chief Executive Principal and budget holders on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

18.25 It is the responsibility of budget holders to ensure that their members of staff comply with EU regulations by notifying the Deputy Principal Finance and Resources of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements on line on websites such as the Official Journal of the European Community (OJEC).

#### **18.26 Payment of invoices**

The procedures for making all payments shall be in a form specified by the Deputy Principal Finance and Resources.

18.27 The Deputy Principal Finance and Resources is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer or direct debit each week. In exceptional circumstances the Financial Controller will approve a BACS payment or manual cheque for urgent payments. Budget holders are responsible for ensuring that expenditure within their departments does not exceed funds available.

18.28 Suppliers should be instructed by the budget holder to submit invoices for goods or services to the finance department.

18.29 Payments will only be made by the Deputy Principal Finance and Resources against invoices that have been approved on line for payment by the appropriate budget holder.

18.30 The procedure for certification of an invoice is detailed in Financial Procedures which can be accessed on the intranet.

18.31 Payments cannot normally be paid for in advance other than for fees, licences, publications, travel and accommodation bookings and subscriptions. For any other case then prior approval to payment in advance must be obtained from the Deputy Principal Finance and Resources.

#### **18.32 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 (see 19.5).

#### **18.33 Petty cash**

Where a single item is for less than £20 (including VAT) it should be paid from petty cash if possible, or corporate card if it is to be paid remotely ie via the internet. It must be supported by receipts or vouchers.

18.34 The Deputy Principal Finance and Resources shall make available such facilities as they consider necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash floats are kept to a minimum.

18.35 Requisitions for reimbursements must be sent to the Financial Controller, together with appropriate receipts or vouchers, at least monthly.

18.36 The member of staff granted a float is personally responsible for its safe-keeping. The petty cash box must be kept locked in a secure place at all times in compliance with the requirements of the College's insurers and will be subject to periodic checks by the Financial Controller or another person nominated by him or her.

18.37 At the end of each term a certificate of the balances held should be completed by the member of staff responsible for the float and counter-signed by the Deputy Principal Finance and Resources or a nominated member of the finance team.

#### **18.38 Late payment rules**

The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:

- Small businesses can charge interest on overdue invoices.
- Interest is chargeable on sales made after 1 November 1998.
- The rate of interest is currently 8% per annum above the official daily rate of the Bank of England plus a reference rate levy of 0.5%.
- The Act also applies to overseas organisations.
- The College can be sued for non-payment.

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

18.40 The College is committed to making payment as soon as possible to ensure no hardship is caused and that no financial penalties are incurred.

#### **18.41 Providing hospitality**

All Staff entertaining guests from outside bodies should normally use the College's catering facilities. Records should be kept in accordance with the requirements of the Deputy Principal Finance and Resources. This will enable due accounting to take place. All requests for hospitality should be in accordance with College procedures.

#### **18.42 College Credit/Debit Card**

Where appropriate, the Chief Executive Principal or the Deputy Principal Finance and Resources may approve the issuing of college credit cards to senior staff and procurement cards to authorized users. Such credit / procurement cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action.

18.43 The Deputy Principal Finance and Resources will be responsible for setting in place a system to monitor the use of college credit / procurement cards and account for expenses charged through them.

18.44 All expenditure on College purchasing/credit cards must be supported by original receipts, and the card statement should be checked and authorised by the relevant budget holder.

18.45 Holders of College purchasing/credit cards must sign the standard declaration form to acknowledge receipt of the card and confirm acceptance of the financial procedure.

### **19 Pay Expenditure**

#### **19.1 Remuneration policy**

All College staff will be appointed to the salary scales approved by the Board of Governors and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources department.

19.2 The Board of Governors will determine what other benefits, if any, such as cars, medical and life insurance, are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available.

19.3 Salaries and other benefits for senior post-holders will be determined by the Board of Governors.

#### **19.4 Appointment of staff**

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

#### **19.5 Salaries and wages**

The Deputy Principal Finance and Resources is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Deputy Principal Finance and Resources.

19.6 The Assistant Principal of Human Resources will be responsible for keeping the Deputy Principal Finance and Resources informed of all matters relating to personnel for payroll purposes. In

particular these include:

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

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

19.8 The Deputy Principal Finance and Resources shall be responsible for keeping all records relating to payroll including those of a statutory nature.

19.9 All payments must be made in accordance with the College's detailed payroll financial procedures and comply with HMRC regulations.

#### **19.10 Agency Staff**

Orders for agency staff can only be made in accordance with the detailed procedures and on the approval of the Executive Leadership Team.

#### **19.11 Pension schemes**

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

19.12 The College offers all employees membership of either the Local Government Superannuation Scheme (LGPS) or the Teachers' Pension Scheme (TPS) as appropriate. For either scheme both the College and the employee make a contribution.

19.13 The Deputy Principal Finance and Resources is responsible for day-to-day superannuation matters, including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes
- administering the College's pension fund.

19.14 The Assistant Principal of Human Resources is responsible for administering eligibility to pension arrangements and for informing the Deputy Principal Finance and Resources when deductions should begin, cease or need amending for staff.

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

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

19.16 Claims by members of staff must be authorised by the budget holder approved for expense claim purposes. The certification by the budget holder shall be taken to mean that:

- the journeys were authorised
- the expenses were properly and necessarily incurred

- the allowances are properly payable by the College
- consideration has been given to value for money and the environmental impact in choosing the mode of transport.

19.17 Arrangements for travel by the Chief Executive Principal shall be authorized by the Chair of the Board of Governors whilst travel expenses for members of the Board will be authorized by the Clerk to the Corporation. Arrangements for travel by the Chair of the Board of Governors shall be approved by the Chief Executive Principal.

19.18 Travel must be claimed in a timely manner and monthly submissions should be the normal time period. No claims will be made for payment outside the appropriate financial year unless exceptional circumstances apply and are agreed with the Deputy Principal Finance and Resources.

19.19 Rates of reimbursement are outlined in the Expense procedures. No parking fines incurred will be reimbursed.

#### **19.20 Overseas travel**

All arrangements for overseas travel must be approved by the Chief Executive Principal in advance of committing the College to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Chief Executive Principal or members of the Board of Governors shall be approved by the Chair of the Board of Governors. Arrangements for travel by the Chair of the Board of Governors shall be approved by the Board of Governors.

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

Severance payments shall only be made in accordance with relevant legislation and the College's approved Severance Policy. Professional advice should be obtained where necessary.

### **20 Assets**

#### **20.1 Land, buildings, fixed plant and machinery**

The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the Board of Governors.

#### **20.2 Fixed asset register**

The Deputy Principal Finance and Resources is responsible for maintaining the College's register of land, buildings, fixed plant and machinery. All budget holders will provide the Deputy Principal Finance and Resources with any information they may need to maintain the register.

#### **20.3 Inventories**

Budget holders are responsible for maintaining inventories, in a form prescribed by the Deputy Principal Finance and Resources, for all plant, equipment, and furniture in their departments with a value of less than £2,000. The inventory must include items donated or held on trust.

20.4 Inventories for equipment must be checked at least annually as described in the College's detailed financial procedures.

20.5 When transferring equipment, etc. between departments, a transfer record must be kept and the

inventories amended accordingly. This is the responsibility of the budget holders who will be advised in the execution of their responsibilities by the Deputy Principal Finance and Resources.

#### **20.6 Stocks and stores**

Budget holders are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting in departments must have the approval of the Deputy Principal Finance and Resources.

20.7 Budget holders are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security and health and safety checks.

20.8 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 Deputy Principal Finance and Resources or his or her nominee and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the College's detailed financial procedures.

#### **20.9 Safeguarding assets**

Budget holders are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the Deputy Principal Finance and Resources in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

20.10 Assets owned by the College shall, so far as is practical, be effectively marked to identify them as College property.

#### **20.11 Personal use**

Assets owned or leased by the College shall not be subject to personal use without proper authorisation and must adhere to the procedure regarding use of equipment in any such instances.

#### **20.12 Asset disposal**

Disposal of equipment and furniture must only be progressed where the relevant Director confirms that the asset (equipment, furniture or fitting) is no longer of use to the College and the manager should identify the current market value of the asset to be disposed. Then the following limits apply;

20.13 Assets (equipment, furniture and fittings) which have a value of £1,000 or below may only be disposed of with the written agreement of the Deputy Principal Finance and Resources. Such disposals of assets may be offered to staff but for all other sales then sales will be advertised externally.

20.14 Assets exceeding £1,000 and up to £10,000 may only be disposed of with the written agreement of the Chief Executive Principal, all assets which exceed £10,000 will need the approval of the Corporation before disposal may be considered.

20.15 Any disposal of land or buildings requires the approval of the Corporation.

#### **20.16 All other assets**

Budget holders are responsible for establishing adequate arrangements for the custody and control

of all other assets owned by the College, whether tangible (such as stock – see above) or intangible (such as intellectual property – see section 19), including electronic data.

## **21 Funds Held on Trust**

### **21.1 Gifts, benefactions and donations**

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

### **21.2 Student welfare and access funds**

The Assistant Principal Learner Services is the responsible officer for these funds and will take advice from the Deputy Principal Finance and Resources in managing these funds.

21.3 Records of access funds will be maintained according to Funding Agency requirements.

### **21.4 Trust funds**

The Deputy Principal Finance and Resources is responsible for maintaining a record of the requirements for each trust fund and for advising the Board of Governors on the control and investment of fund balances.

21.5 The Board of Governors is responsible for ensuring that all the College's trust funds are operated within any relevant legislation and the specific requirements for each trust.

### **21.5 Voluntary funds**

The Deputy Principal Finance and Resources shall be informed of any fund that is not an official fund of the College but which has become partly or wholly the responsibility of a member of staff as a result of their function in the College. All such funds must be controlled by the Deputy Principal Finance and Resources.

21.6 If required, the accounts of any such fund shall be audited by an independent external person and shall be submitted with a certificate of audit to the appropriate body.

## **22 Other**

### **22.1 Insurance**

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

22.2 The Deputy Principal Finance & Resources is responsible for effecting insurance cover as determined by the Board of Governors. They are therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. They will keep a register of all insurances



effected by the College and the property and risks covered. They will also deal with the College's insurers and advisers about specific insurance problems.

- 22.3 Budget holders must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The Deputy Principal Finance and Resources' advice should be sought to ensure that this is the case. Budget holders must give prompt notification to the the Deputy Principal Finance & Resources of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Budget holders must advise the Deputy Principal Finance & Resources immediately of any event that may give rise to an insurance claim. The Deputy Principal Finance & Resources will notify the College's insurers and, if appropriate, prepare a claim in conjunction with the budget holder for transmission to the insurers.
- 22.4 The Principal Finance & Resources and budget holders are responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.
- 22.5 All staff using their own vehicles on behalf of the College shall maintain appropriate insurance cover which must include business use and in addition there must be a valid mot and tax for the vehicle being used. They will arrange for samples to be checked to ensure adherence to this requirement.
- 22.6 When claiming mileage expenses from the College, the claimant must sign to confirm that they have a valid driving licence, MOT and tax as well as business cover on their car insurance documentation.

#### **22.6 Companies and joint ventures**

In certain circumstances it may be advantageous to the College to establish a company or a joint venture to undertake services on behalf of the College. Any proposal for the use of a company or a joint venture should first be approved by the Chief Executive Principal in conjunction with the Deputy Principal Finance and Resources, who should have due regard to guidance issued by the Funding Agency.

- 22.7 The Board of Governors must also approve as the Board is responsible for ensuring that the required procedures are followed.
- 22.8 It is the responsibility of the Board of Governors to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the College. These and other arrangements will be set out in a memorandum of understanding.
- 22.9 The directors of companies where the College is the majority shareholder must submit an annual report to the Board of Governors. They will also submit business plans or budgets as requested to enable the Committee to assess the risk to the College. The College's internal and financial statements auditors shall also be appointed to such companies.
- 22.10 Where the College is the majority shareholder in a company, the Funding Agency requires that the company's financial year must be consistent with that of the College.

#### **22.11 Security**

Keys to safes or other similar containers are always to be kept secure by the person responsible. Any loss of such keys must be reported immediately to the Deputy Principal Finance and Resources.

22.12 The Deputy Principal Finance and Resources shall be responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 1998. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

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

#### **22.14 Cyber Security**

The Deputy Principal Finance and Resources shall be responsible for ensuring that the College network and other IT systems associated with the network remains secure and impenetrable. The College must ensure that suitable and up to date network security software is protecting the network and that regular testing is completed to ensure that weaknesses are addressed eg penetration testing and password strength testing.

22.15 The College should ensure that training, individual testing and embedding of a culture of cyber security is in place. Cyber security should be dealt with at induction and cyber security breaches should be thoroughly investigated.

22.16 The College should ensure that it has cyber security cover purchased as part of its overall College insurance cover.

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

The Clerk will authorise the affixing of the seal to any document which requires to be sealed for the transaction of the business of the Board. The application of the seal shall be authenticated by the signature of the Chair (or in his/her absence the Vice-Chair) together with that of any other governor. The seal shall be affixed by any senior post holder (including the Clerk to the Corporation), in the presence of the Chief Executive Principal (or in his/her absence the Deputy Chief Executive).

22.18 The Clerk to the Corporation is responsible for submitting reports to meetings of the Board of Governors, detailing the use of the College's seal. In addition, the Clerk is expected to keep a register of sealings.

#### **22.19 Provision of indemnities**

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

### **23 Appendices**

Appendix A	Scheme of Financial Delegation
Appendix B	Value for Money Policy
Appendix C	Gifts and Hospitality Policy

Appendix D	Anti Bribery Policy
Appendix E	Bad Debt Management Policy

---

APPENDIX A: SCHEME OF FINANCIAL DELEGATION

REF	DELEGATED MATTER	AUTHORITY DELEGATED TO
(1)	<b>REVENUE AND CAPITAL EXPENDITURE (all values are including VAT)</b>  <b>a) Purchase requisitions</b> i) Not exceeding £499.99 ii) Above £500 but not exceeding £1,999.99  <b>b) Purchase orders</b> i) Above £2,000 but not exceeding £9,999 ii) £10,000 and up to £75,000  iii) Orders exceeding 12 months iv) Over £75,000 (NB. Board approval must have been sought in advance of commitment being made)  <b>c) Payment Signature</b> i) BACS/Cheque transfer up to £5,000 require one signatory  ii) For those £5,000 and over two signatures are required	   Authorised Area Managers  Designated Budget Holders  ELT/SLT members  Either Deputy Chief Executive or  Chief Executive Principal.  Chief Executive Principal.  From either CEP, Financial Controller or Assistant Management Accountant.  Financial Controller or Deputy Principal Finance and Resources and any other from above

REF	DELEGATED MATTER	AUTHORITY DELEGATED TO
(2)	<b>DEBTORS WRITE OFF</b>	
	i) Write-offs up to £1,000	Financial Controller
	ii) Write-offs between £1,000 and £5,000	, Deputy Chief Executive Chief Executive Principal
	iii) Write-offs between £5,000-10,000	Corporation
	iv) Write-offs over £10,000	
(3)	<b>ASSETS WRITE OFF</b>	, Deputy Chief Executive Chief Executive Principal Corporation
	i) Net Book Value up to £1,000	
	ii) Net Book Value between £1,000 and £10,000	
	iii) Net Book Value over £10,000	

### Definition

- 1.1 “Value for Money” (VFM) is defined as:
- 1.2 “An appraisal of the performance of the organisation in seeking to secure economy, efficiency and effectiveness in the use of the resources at our disposal”.

### Policy Statement

- 2.1 The College is committed to striving to achieve value for money in all its activities. Value for money must be sought by all staff, in all areas of the College, whilst engaged on College business or activities, however that business or activity is funded.

### Responsibilities of the Governing Body

- 3.1 The Board of Governors has a responsibility through its Instrument and Articles of Government to “at such times as it considers appropriate, examine and evaluate (or arrange for the examination and evaluation on its behalf of) its systems of internal financial control to ensure that they contribute to the proper, economic, efficient and effective use of the Board of Governor’s resources”. It discharges this responsibility through: -
  - The Audit Committee, which has in its terms of reference a duty to advise the governing body on the adequacy and effectiveness of the 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). In discharging this responsibility, the Audit Committee receives reports from the College’s Internal Audit Service on:
    - The efficiency and effectiveness of the operation of College controls;
    - Reports arising from specific studies on value for money achieved in areas of the College.
  - The Corporation has a duty to review arrangements for securing value for money, solvency and safeguarding of assets. In discharging this responsibility, the Committee receives reports on the financial implications of key decisions; the financial performance of the College and of separate functions within the College;
  - Other External reports on specific areas or functions.

### Responsibilities of College Managers

- 4.1 Managers in all areas of the College, not limited to those with financial responsibilities, are responsible for: -
  - Ensuring that systems, processes and procedures are designed to achieve strategic objectives whilst obtaining best value for money;
  - Ensuring that the College has an efficient and effective staffing structure to allow it to achieve its strategic aims;
  - Benchmarking the College’s activities against other similar institutions where this is considered useful;
  - Ensuring that systems, policies and procedures are adhered to;
  - Responding to opportunities to enhance the economy, efficiency and effectiveness of activities;
  - Adopting recognised good practice where appropriate to do so;
  - Only entering into contracts which offer quality at a competitive price, having researched the market;
  - Ensuring that all staff recognise their continuing obligation to seek VFM as part of their day-to-day

activities.

### **Responsibility of All Staff**

5.1 Staff employed by the College must: -

- Adhere to systems, policies and procedures;
- Endeavour to seek to achieve value for money in all activities;
- Bring to the attention of managers any opportunities to improve value for money.

### **Sustainability Considerations**

6.1 The College recognises that its activities have an impact on the local, national and global environment. The College will seek to minimise these activities. Procurement has a major impact on this, and the following considerations should be made when making a purchase: -

- Where is the product manufactured, and is there a more local alternative;
- Does the product promote fair trade and/or support the producer of the product;
- Is the product manufactured using environmentally sound processes and components;
- Is the product and its packaging recyclable or reusable;
- What is the likely life cycle of the product and the impact of servicing requirements;

6.2 VFM should not be judged solely on the basis of the cheapest initial price, but on the lowest whole life cost to the College. This means that other aspects should be considered which might justify a higher initial cost, including: -

- Maintenance;
- Support Costs;
- Buy back valuations;
- Design;
- Delivery;
- Reliability.

6.3 Competition is the best way to achieve VFM. The competition may take the form of: -

- Collecting quotes on comparative goods and services;
- Tendering;
- Pre-negotiated national contracts.

6.4 VFM should be judged on the whole life cost of an item. The compare between two products or services, the whole life costs should be compared using the best possible comparators available for future costs.

6.5 For larger investments or projects, a business case and NPV analysis should be undertaken to assess initial investments, incomes and costs over a number of years (normally five years for non-building projects). This analysis should be undertaken by the Finance Department and will be governed by the levels stated in the Regulations.

### **Receiving gifts or hospitality**

- 1.1 It is an offence under the Bribery Act 2010 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be:
- The conduct of individuals should not create suspicion of any conflict between their official duty and their private interest
  - The action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.
- 1.2 Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the College would be likely to provide in return.

### **Registration of gifts or hospitality**

- 2.1 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 . For the protection of those involved, the will maintain a register of gifts and hospitality received. Members of staff in receipt of gifts or hospitality are obliged to notify the by completing the termly declaration. These declarations can be in a written or email format.

### **Giving gifts and hospitality**

- 3.1 The presenting of gifts to guests and/or suppliers is not normally acceptable, unless the gift is of trivial character or of an inexpensive seasonal nature. There should be no assumption attached to such a presentation that future benefit will be gained from such a gift.
- 3.2 Similarly, with hospitality, there should be no assumption attached to such a presentation that future benefit will be gained from such an offer. Normally hospitality should be offered within the College through College refectory provision. The use of hospitality during guest visits, especially if the College is returning earlier hospitality, is acceptable. If hospitality is becoming frequent or regular, then the member of staff should assess the situation objectively or seek guidance from the .
- 3.3 Staff should be comfortable that any scrutiny of such a transaction would not compromise their position.



### Definition

- 1.1 Bribery is defined as giving (or offering) or receiving (or requesting) a financial or other advantage in connection with the improper performance of a position of trust, or a function that is expected to be performed impartially or in good faith'. (Bribery Act 2010)
- 1.2 This Policy will be implemented in accordance with all existing and emerging legislation.
- 1.3 The Bribery Act sets out four offences:
  - Offering, promising or giving a bribe,
  - Requesting, agreeing to receive or accepting a bribe,
  - Bribing a foreign public official,
  - Failure of an organisation to prevent bribery.
- 1.4 The key corporate areas where there is an acknowledged risk of bribery include:
  - Giving and receiving gifts and hospitality
  - Procurement and facilitation payments
  - Recruitment
  - Political and charitable donations
  - Sponsorship

### Responsibilities

- 2.1 All employees and associated persons are responsible for maintaining the highest standards of business conduct and are expected to behave honestly and with integrity. Any breach of this Policy will constitute a serious disciplinary offence, which may lead to dismissal and may become a criminal matter for the individual.

### Requirements

- 3.1 The College prohibits employees and associated persons from offering, giving, soliciting or accepting any bribe. The bribe might include cash, a gift or other inducement, to or from any person or organisation, wherever they are situated, and irrespective of whether they are a public official/body or private person or company, by any individual governor, employee, agent or other person or body acting on the College's behalf. The bribe might be made in order to:
  - Gain any commercial, contractual or regulatory advantage for the College in a way which is unethical;
  - Gain any personal advantage, pecuniary, or otherwise, for the individual or anyone connected with the individual.
- 3.2 This Policy is not intended to prohibit appropriate corporate entertainment and/or hospitality undertaken in connection with the College's business activities, provided the activity is customary under the circumstances, is proportionate, and is properly recorded/disclosed to the College in accordance with its procedures (refer to the College's Financial Regulations regarding Gifts and Hospitality and Bribery Act 2010).
- 3.3 Employees and associated persons are requested to remain vigilant in preventing, detecting and reporting bribery. Employees and associated persons are expected to report any concerns regarding any suspected bribery in accordance with the College's procedures (refer to the College's Whistleblowing Policy).

### Policy Statement

- 1.1 Income to the College, reported through the Income and Expenditure Account is calculated to reflect the income generating activity for that time period regardless of whether or not the cash has been received by the College.
- 1.2 Customers of organisations do not always pay for the services they have used (e.g. tuition fees, or commercial income). If despite best efforts to collect the outstanding income it is deemed to be irrecoverable it is referred to as a bad debt and would normally be written off to the income and expenditure (I&E) account as a reduction in income.
- 1.3 Treating income as a bad debt should be the final stage of the College debt collection process. To support this, a detailed 'Debtors Procedures' policy for the collection of income is in place and is in the process of being updated and reviewed.
- 1.4 To mitigate against the impact of writing off bad debts, the College makes an annual provision in the accounts (referred to as the bad debt provision).

### Applicability and Scope

- 2.1 This policy applies to all staff involved in the raising of income and debt collection activities.
- 2.2 The scope of this policy covers South Staffs College income across all accounting headings including; tuition fees, commercial/enterprise income, accommodation and other miscellaneous income.

### Responsibilities

- 3.1 Leadership of this policy lies with the College Senior Management Team (SLT).
- 3.2 The Financial Controller will be responsible for the management and administration of the policy. The policy will be reviewed on an annual basis to ensure it reflects current accounting practices and is reflective of the financial risks around income collection faced by the College.
- 3.3 All staff involved in the raising of sales invoices are responsible for ensuring that the information contained is correct to reduce the risk of queries and subsequent late payments. They are also required to provide the relevant information and documentation for any debt collection process.
- 3.4 All enquiries relating to this policy should be directed to the Financial Controller in the first instance.

### Definitions

- 4.1 **Debtor:** A person or organisation that owes money to the College
- 4.2 **Bad debt:** An outstanding sum of money owed to the College which have not been paid despite repeated efforts to collect the debt (deemed irrecoverable) or it is uneconomic to pursue the debt further.
- 4.3 **Bad debt provision:** This is a provision which is made in the College accounts against outstanding income which may not be collectable. It ensures that future periods' results will not be adversely impacted if debts need to be written off.
- 4.4 **Write-off:** This is a procedure used in accounting when a debtor (or other asset) is determined to be uncollectable and is therefore considered to be a loss.

## **Principles for the Management of Bad Debts**

- 5.1 The College is keen to maximise its cash collection and in the first instance the debt recovery policy will be followed. Where the income remains outstanding and no payment plan has been agreed the following procedure will be followed:
- Debts greater than 90 days and less than £100 may be referred to a debt agency or written off, dependent on circumstances.
  - Debts greater than 90 days and over £100 will be referred to our debt collection agency – any income recovered is between 88% and 100% of the original amount. Collection charges are passed on, but not always collected.
  - Debts greater than 90 days and over £10,000 will be pursued by our external debt collection agency and may be referred for litigation.
  - Interest may be chargeable on outstanding debt where this is deemed necessary.
- 5.2 Student Debt: Where a student debt has been written off the individual record in the student database will have the appropriate debtor flag attached.
- 5.3 Commercial Debt: Where the commercial debt is written off, the College may be able to claim VAT bad debt relief. A copy of the document and a printout will be made available for the VAT return if required.
- 5.4 The College can reinstate debts and attempt to collect them if new information comes available.
- 5.5 The accounting entries to be followed by finance will be:
- DR – Bad debts expense account
  - CR – Debtors Account - (Within Sales Ledger Control Account)

## **Calculation of the bad debt provision**

- 6.1 A bad debt provision will be calculated at the year-end (31st July) to be posted to the financial statements based on the following calculation:
- |  |      |
|--|------|
| ▪ Any debts over 90 days and up to 180 days  | 50%  |
| ▪ Any debts over 180 days and up to 365 days | 75%  |
| ▪ Any debts over 365 days                    | 100% |
- 6.2 These threshold amounts will be reviewed regularly to ensure they reflect the natural cycle of debt management processes and are relevant to the South Staffs College business model.

## **Management Reporting**

- 7.1 In order to enable the Financial Controller to effectively monitor the College debtor levels a monthly aged debt report will be produced. This will identify movements of debtor balances and contain narrative commentary of key risks, issues and updates on debt collection activities.

## **Year-end procedures for write-off**

- 8.1 During the financial year once it is established that debts are likely to be irrecoverable or uneconomic to pursue further the debt will be recommended for write-off. We will look to write-off any debt over 3 years old and less than £500 as long as it has been through our debt collection process.
- 8.2 Financial Delegated Authorities Table shows the delegated authority limits for writing off bad debts. Each proposed bad debt will be presented to the relevant body for approval.

REF	DELEGATED MATTER	AUTHORITY DELEGATED TO
	INCOME	
	a) Debtors	
	i) Write-offs up to £1,000	Financial Controller
	ii) Write-offs between £1,000 and £5,000	, Deputy Chief Executive
	iii) Write-offs between £5,000 and £10,000	Chief Executive Principal
	iii) Write-offs over £10,000	Corporation

- 8.3 A final year-end report will be prepared for the June Finance Recovery Group summarising all debts written off during the year and any outstanding items requiring approval for that financial year.

### Invitation to Tender

- 1.1 Public notice inviting persons to tender or to apply for permission to tender shall be given in one or more relevant publications (physical or online) as the staff concerned shall consider desirable.
- 1.2 Alternatively, the College can operate a tender via a recognised procurement consortium such as Crescent Purchasing Consortium.
- 1.3 If the contract is worth less than £75,000 tenders need not be invited by public notice. However, under normal circumstances, three quotations shall be received in writing in each case.
- 1.4 Every invitation to tender shall state the following:-
  - The nature and purpose and, where applicable, the duration of the contract.
  - The specification and quantities of the goods and services to be supplied.
  - The time(s) and place(s) at which the goods and services are to be supplied.
  - A copy of the conditions of contract with which the successful contractor will be required to comply, including the general conditions set out herein.
  - A copy of any formal contract document which the successful contractor will be required to sign or execute.
  - A returnable tender form which includes:-
    - (a) the tenderer's offer price (or prices) for the goods or services sought.
    - (b) the tenderer's signature or seal.
    - (c) that the tender form is to be returned to the Chief Executive Principal by the stated date and time.
    - (d) that the College does not bind itself to accept the lowest or any tender.
    - (e) 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.
    - (f) that no tender will be considered if it bears any name or mark or postal franking indicating the identity of the sender.
- 1.5 Arrangements will be made for every tender received to be retained in secure custody unopened until the time of appointed for its opening.
- 1.6 No tender received after the closing time and date, or which contravenes any provision set out above shall be opened.
- 1.7 Tenders shall not be opened before the closing date and time. They shall be opened at one time, by the Deputy Principal - Finance and Resources or the Financial Controller or another person approved by the Deputy Principal - Finance and Resources for this purpose. The Director for the area being tendered should not be involved in the opening of tenders. The Deputy Principal Finance and Resources must, on opening each tender, immediately record the name of the tenderer and the amount of his or her tender and on completion of that record it shall be signed by both members of staff as complete and correct. A note shall be made on the record of the number of tenders, if any, not opened and the reason(s) for not opening them.
- 1.8 Where the Chief Executive Principal considers the circumstances so warrant they may postpone for a reasonable period the closing time and date for receipt of tenders, provided that all persons from whom tenders have been invited are notified by the same method and that no tenders have been opened.

- 1.9 No alteration or amendment shall be permitted to any tender received.
- 1.10 All tender documentation must be retained for five years.

### **Acceptance of Tender**

- 2.1 The Chief Executive Principal may accept the most suitable tender whatever the value of the contract, taking into consideration quality of service and cost effectiveness.
- 2.2 In any case where the College accepts a tender other than the lowest tender, the reason for not accepting the lowest tender shall be recorded on the document schedule.
- 2.3 Post tender negotiations may be conducted in limited circumstances and only in such a manner as to be equitable to all tenders. The reason for any post tender negotiations must be detailed in writing and retained on file.
- 2.4 The Deputy Principal - Finance and Resources will assist in the evaluation of tenders where necessary and must be fully involved in post tender negotiations.

### **Legal Requirements**

- 3.1 Every contract made on behalf of the College shall:-
- comply with the Financial Regulations unless the Chief Executive Principal has previously given written approval for non-compliance in a specific case.
  - comply with any directives, requirement and guidance issued by the
  - Funding body (bodies).
  - comply with relevant legal requirements including those of the European Union or subsequent post-Brexit guidance.
- 3.2 There shall be written evidence of every contract. For contracts made “across the counter” and paid for at that time, the written evidence will normally be a till or trader’s receipt. For contracts made by placing an order, the college’s official order form and the resulting invoice will be the written evidence.
- 3.3 For contracts where the order was initially placed verbally, a confirmation written order must be sent within three working days.
- 3.4 The contractor shall not without the previous consent in writing of the Chief Executive Principal, transfer, assign or sub-let either directly or indirectly the contract or any part of it.
- 3.5 The College may cancel the contract at any time and recover from the contractor the amount of any loss resulting from such cancellation if the contractor or any member of staff or any person for whom he is responsible, is found to be or to have been involved in any way with any corruption or corrupt practice affecting the contract.
- 3.6 Every contractor shall provide to the satisfaction of the Chief Executive Principal such indemnities and such insurances in relation to the contract as he may require.
- 3.7 The contractor shall observe and perform all obligations and responsibilities placed upon the contractor directly or indirectly under any enactment which applies to the contract in question.
- 3.8 For contracts over £75,000, proper books, vouchers, accounts and records relating to the contract shall be maintained by every contractor at his place of business and shall be available for inspection by any member of staff authorised by the Chief Executive Principal at all reasonable times during the contract and for three years after making the final payment by or to the college thereunder.

- 3.9 No increase in the amount payable by the College will be permitted except as specifically provided for in the contract.