



# Financial Regulations

Aim:

To provide principles, rules and guidance that establish the appropriate standards of behaviour required to protect the financial integrity of the college

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## **A GENERAL PROVISIONS**

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### **1 Background**

- 1.1** The Blackpool Sixth Form College (“the college”) is a further education corporation created under the provisions of the Further and Higher Education Act 1992. Its structure of governance is laid down in the instrument and articles of government, which may only be amended by application to the Secretary of State for Education. The college is accountable through its Governing Body, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2** The college is an exempt charity for the purposes of the Charities Act 2011.
- 1.3** The funding agreement between the Education and Skills Funding Agency (“the ESFA”) and the college sets out the terms and conditions on which grant is made. The Governing Body is responsible for ensuring that conditions of grant are met. As part of this memorandum, the college must adhere to the Post-16 Audit Code of Practice, which requires it to have sound systems of financial and management control. The Financial Regulations of the college form part of this overall system of accountability.
- 1.4** Although the Learning and Skills Council (“the LSC”) and the Young People’s Learning Agency (“the YPLA”) are no longer in existence some regulations and guidance documents in its name are still effective and are referred to as “LSC” or “YPLA” in this document.
- 1.5** The Education and Skills Funding Agency (EFSA) was formed in April 2017. The ESFA brings together the existing responsibilities of the Education Funding Agency (EFA) and Skills Funding Agency (SFA), creating a single funding agency accountable for funding education and training for children, young people and adults. Although the EFA and SFA are no longer in existence, some regulations and guidance documents are still in existence and will be referred to as EFA or SFA in this document.
- 1.6** Throughout the document any reference to “the Clerk” means either an

individual appointed as Clerk or a Clerking Service procured by the Governing Body.

## **2 Status of Financial Regulations**

**2.1** This document sets out the college's Financial Regulations. It translates into practical guidance on the college's broad policies relating to financial control. This document was approved by the Governing Body on 4<sup>th</sup> July 2017. It applies to the college and all its subsidiary undertakings.

**2.2** These Financial Regulations are subordinate to the college's instruments and articles of government and to any restrictions contained within the college's funding agreement with the ESFA and the Post-16 Audit Code of Practice.

**2.3** The purpose of these Financial Regulations is to provide control over the totality of the college's resources and provide management with assurances that the resources are being properly applied for the achievement of the college's strategic plan and business objectives:

- financial viability
- achieving value for money
- fulfilling its responsibility for the provision of effective financial controls over the use of public funds
- ensuring that the college complies with all relevant legislation
- safeguarding the assets of the college.

**2.4** Compliance with the Financial Regulations is compulsory for all staff connected with the college. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the college's disciplinary policy. The Governing Body will be notified of any such breach through the Audit Committee. It is the responsibility of the Senior Leadership Team to ensure that staff are made aware of the existence and content of the college's Financial Regulations.

**2.5** The Administration and Finance Committee is responsible for maintaining a continuous review of the Financial Regulations, through the Head of Finance, and for advising the Governing Body of any additions or changes necessary.

**2.6** In exceptional circumstances, this committee may authorise a departure

from the detailed provisions herein, such departure to be reported to the Governing Body at the earliest opportunity.

- 2.7** The college's detailed financial procedures set out precisely how these regulations will be implemented and are contained in a separate document.

## **B CORPORATE GOVERNANCE**

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### **3 The Governing Body**

- 3.1** The Governing Body is responsible for the management and administration of the college. Its financial responsibilities are to:
- ensure the solvency of the college and the safeguarding of the college's assets
  - appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and other senior post-holders
  - set a framework for pay and conditions of service of all other staff
  - ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the college are appropriate and sufficient to safeguard public funds
  - approve the appointment of external auditors and an internal audit service
  - secure the efficient, economical and effective management of all the college's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the college is not put at risk
  - ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution
  - plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure
  - approve an annual budget before the start of each financial year
  - determine tuition fees

- ensure that the college complies with the regulatory body's audit code of practice
- approve the college's strategic plan
- approve the annual financial statements.

The college is committed to exhibiting best practice in all aspects of Corporate Governance but does not comply with all the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council in June 2010. However the college has reported on its Corporate Governance arrangements by drawing on the best practice available including those aspects of the UK Corporate Governance Code considered to be relevant to the further education sector and best practice. The Governing Body takes full account of the Association of Colleges Code of Good Governance for English Colleges published in March 2015 which it formally adopted in July 2015.

- 3.2** The Governing Body's standing orders and code of conduct are maintained by the Clerk and reviewed on a regular basis by the Governing Body. These detail the responsibilities and procedures of the Governing Body, its Committees and the role of the Directors themselves. There is also a guide to the appointment of Directors. These documents can be accessed via the college website or from the Clerk.

## **4 Accounting Officer**

- 4.1** The Principal is the college's accounting officer and is responsible for ensuring the financial administration of the college's affairs in accordance with the funding agreement with the ESFA. As the accounting officer, the Principal may be required to justify any of the college's financial matters to the Public Accounts Committee at the House of Commons.

In particular, the articles of government charge the Principal with responsibility:

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

The Principal shall demonstrate his or her oversight of financial matters

by signing the balance sheet and the statement of corporate governance within the annual financial statements, and the three-year financial forecasts submitted to the funding body.

## **5 Committee Structure**

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

### **5.2 Standards Committee**

All members of the governing body sit on the Standards Committee. This committee is responsible for setting appropriate targets for improvements in students' achievements and consideration of matters such as areas of outstanding or weak performance.

### **5.3 Administration and Finance Committee**

Responsibility for monitoring the college's financial position and financial control systems lies with the Administration and Finance Committee. The Committee will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the Governing Body. It will ensure that short-term budgets are in line with agreed longer-term plans and they are followed. It will consider any other matters relevant to the financial duties of the Governing Body and make recommendations accordingly. The Committee will also ensure that the Governing Body has adequate information to enable it to discharge its financial responsibilities. A more detailed extract from the Administration and Finance Committee's terms of reference is shown at Appendix B.

### **5.4 Audit committee**

The college is required by its financial memorandum with the ESFA and by the Joint Audit Code of Practice to appoint an Audit Committee. The Committee is independent, advisory and reports to the Governing Body. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring

their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. A more detailed extract from the Audit Committee's terms of reference is shown at Appendix C. The audit requirements of the college are set out in the Joint Audit Code of Practice.

### **5.5 Remuneration committee**

Management of the designated senior post holders and the Clerk and consideration of their pay and conditions is the responsibility of the Remuneration Committee. It has the power to make recommendations to the Governing Body on their remuneration, including pay and other benefits, as well as contractual arrangements. It oversees the annual review of the senior post holders and the Clerk and the professional development of the designated senior post holders and the Clerk.

**5.6** Strategic responsibilities sit with the full Corporation. The Corporation is responsible for monitoring the college's current Three Year Strategic Development Plan and One Year Strategic Plan, for formulating the following year's Three Year Strategic Development Plan and One Year Strategic Plan, and for reviewing the ethos and direction of the college with particular reference to these Strategic Aims. The Corporation will review annually the Equality and Diversity Policy.

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

### **6.1 Head of Finance**

Day-to-day financial administration is controlled by the Head of Finance, who is responsible to the Principal for:

- preparing annual capital and revenue budgets and financial plans
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- preparing the college's annual accounts and other financial statements and accounts which the college is required to submit to other authorities
- ensuring that the college maintains satisfactory financial systems
- providing professional advice on all matters relating to financial policies and procedures
- day-to-day liaison with internal and external auditors in order to

achieve efficient processes.

Appendix D shows the main areas of responsibility of the Finance Department.

## **6.2 Budget Holders**

Budget holders are usually Heads of Department or cross-college managers with devolved budgets and are responsible to the Principal for financial management for the areas or activities they control. They can be advised by the Head of Finance in executing their financial duties. Budget holders have on-line access to their accounts to enable them to see the detail of their transactions and their current position against budget.

## **6.3 All members of staff**

All members of staff should be aware and have a general responsibility for the security of the college's property, for avoiding loss and for due economy in the use of resources.

They should ensure that they are aware of the college's financial authority limits and the values of purchases for which quotations and tenders are required (see 16.6).

They shall make available any relevant records or information to the Head of Finance or his or her authorised representative in connection with the implementation of the college's Financial Regulations and Financial Procedures.

They shall provide the Head of Finance with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Governing Body.

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

## **7 Risk Management**

**7.1** The college acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its strategic objectives and financial health. Detailed

guidance on the management of risk is set out in a separate Risk Management Policy.

**7.2** The purpose of the Risk Management policy is to explain the college's underlying approach to risk management, document the roles and responsibilities of the Governing Body, Principal and Senior Leadership Team, outline key aspects of the risk management process and identify the main reporting procedures. In addition, it describes the process the Governing Body will use to evaluate the effectiveness of the college's internal control procedures

**7.3** The following key principles outline the college's approach to risk management and internal control:

- the Governing Body has responsibility for overseeing risk management within the college as a whole.
- an open and receptive approach to solving risk problems is adopted by the Governing Body.
- the Senior Leadership Team, assisted by the Head of Finance, advise the Governing Body of risk and manage the development and implementation of policies and plans which are then approved by the Governing Body.
- the college makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
- all staff are responsible for encouraging good risk management practice within their designated managed area. Risk management is a key element of the leadership role of all managers.
- key risk indicators will be identified and closely monitored on a regular basis.

**7.4** The role of the Governing Body in the management of risk includes:

- setting the tone and influence the culture of risk management within the college, including:
- determining whether the college is risk taking or risk averse as a whole or on any relevant individual issue.
- determining what types of risk are acceptable and which are not, and the setting the standards and expectations of staff with respect to conduct and probity.
- approving major decisions affecting the college's risk profile or exposure.

- satisfying itself through the Audit Committee that the less significant risks are being actively managed.

**7.5** Further details of the role and responsibilities of the Governing Body, Senior Leadership Team, Head of Finance and Risk Management Champion along with the role of risk management within the college's system of internal controls are in the Risk Management policy which is to be found on the college's Google drive.

**7.6** The Governing Body has assessed the Risk Appetite of the college and issued a statement on this which is included in the college's Risk Management Policy.

## **8 Whistleblowing**

**8.1** Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and 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 Head of Department. However, the college recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.

**8.3** A member of staff may, therefore, make the disclosure to the Deputy Principal or Principal. If they are themselves the focus of concern or if the member of staff for some other reason does not wish to raise the matter with either of these people then the report should be made to the Chair of the Audit Committee or the Chair of the Governing Body.

**8.4** The full procedure for whistleblowing is set out in the college's Public Interest Disclosure Policy.

## **9 Code of Conduct**

- 9.1** The college is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe. These principles are set out at Appendix E.
- 9.2** Additionally, members of the Governing Body, Senior Leadership Team or those involved in the Finance Department are required to disclose interests in the college's register of interests maintained by the Clerk to the Governing Body. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly.
- 9.3** In particular, no person shall be a signatory to a college contract where he or she also has an interest in the activities of the other party.

### **Staff Code of Conduct**

- 9.4** There is a college Staff Code of Conduct which should be read in conjunction with this document and which is to be found on the college's Google drive.

### **Bribery and Corrupt Practices**

- 9.5** As stated previously the college is committed to the highest standards of openness, integrity and accountability and seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life.
- 9.6** As a part of this ethos the college has a zero-tolerance for bribery and corrupt practices. The college's reputation with the community it serves and other stakeholders is underpinned by ethical behaviour, financial probity and honesty. The college aims to limit its exposure to bribery by:
- setting out a clear anti-bribery policy (shown at Appendix J) , which is proportionate to the risks that the college is exposed to;
  - embedding awareness and understanding of the college's anti-bribery policy amongst all staff, "associated persons" (any person performing

- services for or on behalf of the college), and external persons/organisations with whom the college has commercial relations;
- training staff and governors as appropriate so that they can recognise and avoid the use of bribery by themselves and others;
  - encouraging staff to be vigilant and to report any suspicion of bribery either directly or through the whistle blowing procedure, ensuring sensitive information is treated appropriately;
  - rigorously investigating instances of alleged bribery in accordance with the college disciplinary procedure; and assisting the Police and other appropriate authorities in any resultant prosecution;
  - taking firm and vigorous action against any individual(s) involved in bribery.

## **C FINANCIAL MANAGEMENT AND CONTROL**

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### **10 Financial Planning**

**10.1** The Head of Finance is responsible for preparing annually a rolling three-year financial plan for approval by the Governing Body on the recommendation of the Administration and Finance Committee and for preparing financial forecasts for submission to the Education and Skills Funding Agency. Financial plans should be consistent with the Strategic Development Plans and Accommodation Strategy approved by the Governing Body.

#### **10.2 Budget objectives**

The Governing Body may, from time to time, set budget objectives for the college. These will help the Head of Finance in preparing his or her more detailed financial plans for the college.

#### **10.3 Resource allocation**

There are two elements to the allocation of resources to the individual academic departments. There is a fixed payment at the start of the financial year and then an allocation based on the number of students on each course. Other departments receive a fixed allocation at the start of the financial year. Heads of Department are responsible for the economic, effective and efficient use of resources allocated to them.

#### **10.4 Budget preparation**

The Head of Finance is responsible for preparing each year an annual revenue budget for consideration by the Administration and Finance Committee before submission to the Governing Body. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet.

During the year, the Head of Finance is responsible for submitting revised budgets to the Administration and Finance Committee for consideration before submission to the Governing Body for approval.

### **10.5 Capital Expenditure**

Capital expenditure 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. Capital expenditure should ordinarily be within the approved Capital Programme as agreed with the Governors and should support the objectives of the Strategic Plan of the college.

Expenditure of this type will be considered by the Administration and Finance Committee who will make recommendations to the full Governing Body.

The Head of Finance will also ensure significant variations are approved through the internal Finance Panel and the Administration and Finance Committee. If necessary large variations will be notified to the funding body, in accordance with any instruction laid down by the funding body.

The Head of Finance will be responsible for providing regular statements concerning all capital expenditure to the Administration and Finance Committee for monitoring purposes.

Following completion of a capital project the Head of Finance may be requested to submit a post-project evaluation or final report to the Administration and Finance Committee including actual expenditure against budget and reconciling funding arrangements where a variance has occurred, as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in funding body guidelines.

### **10.6 Overseas activity**

In planning and undertaking overseas activity, the college must have due regard to any relevant guidelines issued by the funding body.

### **10.7 Other major developments**

Any significant new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time should be presented for approval to the Governing Body (with prior review by the Administration and Finance Committee, where appropriate).

The Principal and/or Head of Finance may be required to provide reports on these major developments to enable them to be considered for approval by the Governing Body. These reports will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet.

## **11 Financial Control**

### **11.1 Finance Panel**

There are two internal Finance Panel meetings. Finance Panel (operational) consists of the Principal, the Head of Finance, the Bursar and members of the college's Senior Leadership Team. One member of the Leadership Team may request to sit on the panel for the academic year. Finance Panel (strategic) consists of the Principal, the Head of Finance, and members of the college's Senior Leadership Team.

The Panels meet each month during term time. The meetings are minuted. The monthly finance reports including an income and expenditure account, cash flow report, balance sheet, exceptional income and expenditure report, summary of departmental balances and internal audit reports are reviewed by the strategic panel and any matters arising from them are discussed.

Items such as operational contracts, breaches of financial regulations and financial checks of BACS, cheques and credit card payments are discussed at the operational meeting.

Any other items of a financial nature can be raised and discussed including such things as planned maintenance, expenditure on ICT and staffing issues. The nature of the item would determine if it would be discussed at the operational or strategic meeting.

### **11.2 Budgetary control**

Budget holders are responsible for ensuring that their expenditure remains within budget for the financial year. If they become aware that

they are going to go over budget they must inform the Head of Finance or Bursar promptly.

A summary of the Departmental Balances is reviewed on a monthly basis by the Finance Panel (strategic) and any significant or unusual items or balances are investigated. If necessary such items would be reported to the Administration and Finance Committee.

### **11.3 Financial information**

All budget holders have access to their financial information on line. This is immediate and up-to-date information which shows their transactions to date, any outstanding purchase orders and the remaining budget balance. They also have a drill down facility through which they can see any scanned documents such as invoices attached to their account.

The Head of Finance is responsible for supplying budgetary reports on all aspects of the college's finances to the Administration and Finance Committee and to the internal Finance Panel (strategic). The Administration and Finance Committee will then report on this financial information to the full Governing Body, which has overall responsibility for the college's finances.

### **11.4 Changes to the approved budget**

Changes proposed to the approved budget will be considered and recommended to the full Governing Body by the Administration and Finance Committee.

### **11.5 Virement**

Where a budget holder is responsible for more than one budget, virement is permitted with the approval of the Finance Panel (strategic). If the virement is for a significant amount this would be reported to the Administration and Finance Committee for approval.

Requests for virement between budgets held by different budget holders would be permitted with the approval of the Finance Panel (strategic) and with the written approval of the transferring budget holder. If the virement is for a significant amount this would be reported to the Administration and Finance Committee for approval.

The Principal/Head of Finance may submit requests for virement without getting the approval of the transferring budget holder. Such requests should be referred to the Finance Panel (strategic) in the first instance. If the virement is for a significant amount this would be reported to the Administration and Finance Committee for approval.

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

At the year end, curriculum area budget holders will not usually be able to carry forward any positive balances. However, any curriculum area deficits will have to be carried forward. Budget holders wishing to carry forward a positive balance or reduce a deficit balance will have to put forward a request to the Finance Panel (strategic) who may, in turn refer the request to the Administration and Finance Committee. In practice this process is handled by the Head of Finance, Deputy Principal and Assistant Principals who review all such claims at the end of the year along with bids for additional funding. The recommendations are then put forward to the Finance Panel (strategic) for approval.

## **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 financial statements are prepared in accordance with Financial Reporting Standard 102.

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

The financial statements are prepared in accordance with the Statement of Recommended Practice: *Accounting for Further and Higher Education Institutions 2015*, and they conform to the guidance published jointly by the SFA and EFA in the Accounts Direction Handbook.

### **12.4 Capitalisation and depreciation**

#### *Land and Buildings*

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Other land and buildings are included in the balance sheet at

cost.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the college of 50 years. A full year's depreciation is charged in the year of acquisition.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are held in a deferred capital grant account within creditors and are released to the income and expenditure account over the expected useful life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the acquisition of land and buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

#### *Assets under construction*

Assets under construction are accounted for at cost, based on the value of the architects' certificates and other direct costs. They are not depreciated until they are brought in to use.

#### *Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- market value of the fixed asset has substantially improved
- asset capacity increases
- substantial improvement in the quality of output or reduction in operating costs
- significant extension of the asset's life beyond that conferred by repairs and maintenance

#### *Equipment, plant and machinery*

Equipment, plant and machinery costing less than £1,000 per individual

item is not capitalised. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Equipment	20% per year on a reducing balance basis
Computer equipment	33.33% per year on a straight line basis
Plant and machinery	5% per year on a straight line basis

Where equipment is acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account within creditors and are released to the income and expenditure account over the expected useful life of the related equipment. A full year's depreciation is charged in the year of acquisition.

#### *Leased assets*

Costs in respect of operating leases are charges on a straight-line basis over the lease term. A full year's depreciation is charged in the year of acquisition.

Leasing agreements which transfer to college substantially all the benefits and risks of ownership of an asset are treated as finance leases.

### **12.5 Accounting records**

The college is obliged by the ESFA to retain original invoices, management information returns and all other documents necessary to verify the services provided by the college or by its related parties in relation to the ESFA Funding Agreement for 6 years from the end of the financial year in which the last payment by is made.

There may be individual circumstances where information is required to be retained for longer periods of time, for example, pension records and college will ensure it complies with these individual requirements.

The Head of Finance will make appropriate arrangements for the retention of electronic records.

Members of staff should ensure that retention arrangements comply with the specific requirements of any funding bodies and for auditing and other purposes, any other financial documents should be retained for at least three years.

## **12.6 Public access**

Under the terms of the Charities Act 2011, the Governing Body is required to supply any person with a copy of the college's most recent financial statements within two months of a request. The Act enables the Governing Body to levy a reasonable fee and this will be charged at the discretion of the Head of Finance. The college will also publish its accounts on its website as soon as practicable after they have been approved, and by 31 January following the year end at the latest. College will hold a minimum of two years financial statements on the college website in accordance with the requirements of the ESFA.

For details about access to other college documents refer to the college's Freedom of Information Act Policy which is to be found on Google drive and the website.

## **12.7 Taxation**

The Finance Department is responsible for maintaining the college's tax records (including VAT, PAYE, national insurance etc.) making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

The college is not registered for VAT purposes. It is an "eligible body" for VAT purposes which means that its supplies of education and vocational training and closely related goods and services are exempt from VAT. The remaining vatable supplies fall below the registration threshold, a position which is monitored.

The college has charitable status which enables it to claim zero-rating on certain purchases. Claims have been made in respect of all existing eligible purchases. Should a new category of purchase be created then consideration should be given to the possibility of claiming zero-rating status.

## **13 Audit Requirements**

### **13.1 General**

Financial statements auditors and internal auditors shall have authority to:

- access college premises at reasonable times
- access all assets, records, documents and correspondence relating

to any financial and other transactions of the college

- require and receive such explanations as are necessary concerning any matter under examination
- require any employee of the college to account for cash, stores or any other college property under his or her control
- access records belonging to third parties, such as contractors, when required.

Following consideration by the Administration and Finance Committee, the financial statements should be reviewed by the Audit Committee. On the recommendation of the Administration and Finance and Audit committees they will be submitted to the Governing Body for approval.

### **13.2 Financial statements audit**

The appointment of financial statements auditors for the main financial statements of the college will take place annually and is the responsibility of the Governing Body. The Governing Body will be advised by the Audit Committee.

The primary role of this 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 relevant audit code of practice and the Auditing Practices Board's statements of auditing standards.

In addition, the funding bodies will commission and perform a limited cyclical programme of tests of learner existence and eligibility. This programme will be risk based with low risk colleges receiving only a short visit every few years.

### **13.3 Regularity audit**

The Post-16 Audit Code of Practice (March 2017) sets out the requirement for an audit of regularity based upon a framework set by Audit Practice Board's Practice Note 10 (PN10). The Post-16 Audit Code of Practice requires that this work be done by the financial statements auditors.

The main requirements of the framework are that colleges will gather evidence of compliance with regularity requirements through a self-

assessment and auditors will still provide reasonable assurance over the regularity of all expenditure disbursed and income received, regardless of source

For definitions of Regularity and Propriety see Appendix G.

#### **13.4 Internal audit**

From 1<sup>st</sup> August 2012 the requirement for sixth form colleges to have internal audit and to submit an annual internal audit report to the ESFA was removed. However the college's Governing Body has decided to retain the services of a firm of internal auditors.

The internal auditor is appointed by the Governing Body on the recommendation of the Audit Committee. They are re-appointed annually on the recommendation of the Audit Committee provided that they satisfy certain Performance Indicators.

As there is a requirement for a college Governing Body to examine and evaluate its systems of internal financial and other control they may decide that a positive opinion from an internal audit service goes towards providing the assurance it requires. The role of Internal Audit is covered in the Post-16 Audit Code of Practice (March 2017), an extract of which is included in Appendix G.

#### **13.5 Funding audit**

The Governing Body may, on the recommendation of the Audit Committee, appoint a funding auditor and decide the extent to which the funding returns be audited. The funding auditor can be the Internal Auditor, the External Auditor or an independent third party.

#### **13.6 Fraud and corruption**

It is the duty of all members of staff, management and the Governing Body to notify the Head of Finance immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. Alternatively the member of staff may wish to make disclosure under the Public Interest Disclosure (Whistleblowing) Procedure.

The Head of Finance shall immediately invoke the fraud response plan, which incorporates the following key elements (see Appendix H for fuller details):

- he or she will notify the Principal and the Audit Committee (through its Chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report
- the Principal shall inform the police if a criminal offence is suspected of having been committed
- all significant cases of internal and external fraud or suspected fraud or irregularity shall be reported to the EFA in accordance with their requirements as set out in the Funding Memorandum
- the Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate
- the internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit Committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Head of Finance and/or the Principal, the member of staff shall notify the Chair of the Audit Committee direct of their concerns regarding irregularities. Alternatively if the suspected fraud is thought to also involve members of the Governing Body the member of staff should approach the Internal or Financial Statements Auditors direct (see Appendix G for auditor details).

### **13.7 Value for money**

It is a requirement of the financial memorandum that the Governing Body 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 ESFA, the local authority, the National Audit Office, the Public Accounts Committee or other relevant bodies.

### **13.8 Other auditors**

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

## **14 Treasury Management**

### **14.1 Treasury management policy**

It is the policy of the Governing Body that the college invests any surplus cash through the college's banking providers. This cash should be invested on the money market for a defined period dependent on cash flow requirements and should be available for use or re-investment at the end of that period. The Governing Body's requirements are that interest on cash balances is maximised but in a virtually risk free environment. Additional providers can be engaged but only with the explicit approval of the Administration and Finance Committee and subject to rigorous checks on the financial stability of the individual institution. This should include checking which other providers the proposed provider is connected with and checking their standing with a credit reference agency.

All borrowing shall be undertaken in the name of the college and shall conform to any relevant funding body requirements. This will require compliance with funding body rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Administration and Finance Committee has a responsibility to ensure implementation, monitoring and review of such borrowings.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Head of Finance and an appropriate reporting system set up. The Head of Finance will report to the finance panel (strategic) monthly on the activities of the treasury management operation and on the exercise of the delegated treasury management powers.

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

The Governing Body is responsible for the appointment of the college's bankers and other professional financial advisers (such as investment managers) on the recommendation of the Administration and Finance Committee. The appointment shall be reviewed periodically at which point consideration shall be given by the Administration and Finance Committee to competitively tendering for the service.

### **14.3 Banking arrangements**

The Head of Finance is responsible, on behalf of the Administration and Finance Committee, 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 Head of Finance, who shall make proper arrangements for their safe custody.

Only the Head of Finance may administer the process of opening or closing a bank account for dealing with the college's funds. All bank accounts shall be in the name of the college. All bank accounts should have at least four individual signatories including the Head of Finance, the Principal and the Deputy Principal and all transactions must be authorised by two out of these four.

All cheques drawn on behalf of the college must be signed by two authorised persons, of which only one may be that of an authorised member of staff in the finance department. Details of authorised persons and limits shall be provided for in the college's detailed financial procedures.

All automated transfers on behalf of the college, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Administration and Finance Committee. Details of authorised persons and limits shall be provided for in the college's detailed financial procedures.

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

## **15 Income**

### **15.1 General**

The Head of Finance is responsible for ensuring that appropriate procedures are in operation to enable the college to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Head of Finance.

Levels of charges for services rendered, goods supplied and rents and lettings are determined by procedures approved by the Administration and Finance Committee, and are approved by the Governing Body.

The Head of Finance is responsible for the prompt collection, security and banking of all income received.

The Head of Finance is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the college's accounts.

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

## **15.2 Maximisation of income**

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

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

Money should be collected either by the Finance Office or Student Finance. If money is collected by any other department receipts must be issued and all monies received must be recorded by the department and passed through to the Finance office for banking without delay. This should only happen by exception.

The custody and transit of all monies received must comply with the requirements of the college's insurers.

All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenses. Personal or other cheques must not be cashed out of money received on behalf of the college.

## **15.4 Collection of debts**

The Head of Finance 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
- monies received are posted to the correct debtors account

- swift and effective action is taken in collecting overdue debts
- outstanding debts are monitored monthly and reports prepared for management.

All invoices are issued with standard credit terms of 30 days or less. This credit period could only be extended by reference to the Administration and Finance Committee.

Requests to write off debts in excess of £100 must be referred to the Finance Panel (Operational) for consideration. Debts below this level may be written off with the permission of the Head of Finance.

### **15.5 Student fees**

The Head of Finance is responsible for ensuring that all student fees due to the college are received.

Any student who has not paid an account for fees or any other item owing to the college shall not receive the certificate for any qualification awarded by the college until all outstanding debts have been cleared. Such students shall be prevented from re-enrolling at the college and from using any of the college's facilities unless appropriate arrangements have been made.

### **15.6 Emergency/Access loans**

Access fund loans and support should only be issued in line with the college policy and are subject to separate procedures within Student Finance.

### **15.7 On-line collections**

Money from students for the payment for bus passes, trips, etc. should be made direct to Student Finance, via standing order to the college collections account, or via the on-line collection system.

The college do not capture, store or transmit cardholder data. Students can log into the online portal hosted by Vericool, and Payment Express process the card transaction. The payment is remitted to the college via a Merchant Account held with Global Payments.

The college has a responsibility to remain compliant with the Payment Card Industry (PCI) and must make an annual declaration of compliance.

## **16 Expenditure**

### **16.1 General**

The Finance Office is responsible for making payments to suppliers of goods and services to the college.

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

The budget holder is responsible for purchases within his or her cost centre area. Orders prepared by members of a department **must** be approved by the budget holder responsible for that area. As purchase orders are prepared on-line this is built in to the automated authorisation procedure. Budget holders are usually Heads of Department, cross-college managers or similar.

Budget holders are not authorised to commit the college to expenditure without first ensuring sufficient funds are available to meet the purchase cost and orders without the budget holder's approval will not be processed.

### **16.3 Procurement**

The college requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice. If for some reason the lowest cost quote is not the one chosen notes to justify this decision must be made and kept with the quotes.

The Bursar, who also acts as the college purchasing officer, is responsible for:

- ensuring that the college's purchasing policy is known and observed by all involved in purchasing for the college
- advising on matters of college purchasing policy and practice
- advising and assisting departments where required on specific departmental purchases
- developing appropriate standing supply arrangements on behalf of the college to assist budget holders in meeting their value for money obligations
- ensuring that the college complies with EU regulations on public purchasing policy.

### **16.4 Purchase orders**

The ordering of goods and services shall be in accordance with the college's detailed financial procedures/purchasing policies.

Purchase orders must be completed for all purchases except those made for petty cash and in the exceptional circumstances listed in the college's Ordering Procedure.

If goods or services are transferred between departments Budget Holders must notify the Bursar who will action an interdepartmental transfer.

### **16.5 Purchasing cards**

The college does not currently use Government Purchasing Cards. Should they be introduced appropriate instructions for the operation and control of them will be approved by the Administration and Finance Committee and published.

### **16.6 Tenders and quotations**

Budget holders must comply with the college's procurement practice, except in circumstances covered by any frameworks produced by the funding body, which is applicable as follows:

- under £500 – the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained
- from £500 to £2,499 - the budget holder shall be required to retain notes about the process used in order to choose the particular supplier
- from £2,500 to £24,999 - the budget holder shall be required to get three quotes and retain notes about the process used in order to choose the particular supplier
- from £25,000 to £ (the OJEU threshold) – the budget holder in conjunction with the Bursar shall arrange for at least three written tenders to be obtained and notes should be retained about the decision making process.
- over £ (the OJEU threshold) – the full OJEU process should be followed
- the award of contracts over £40,000 shall be reported to the Administration and Finance Committee.

Only partnership arrangements for the supply of goods or services specifically approved by the Administration and Finance Committee or the Governing Body will fall outside these arrangements for tenders and quotations.

The above limits should apply to the largest of the cost of the service or goods being purchased, the value of the contract as a whole and the maximum sum to which the college could potentially be exposed at any one time. The college should also be mindful of the nature of the agreement.

Credit checks should be performed on organisations where there is a risk of significant loss to the college should the organisation cease to exist. Credit checks should be performed when using a new supplier at a level of £50,000 or more but also as and when college believes it to be appropriate.

The college's code of tendering practice is described at Appendix I of the Financial Regulations (see below) and may be subject to special rules imposed by funding bodies.

### **16.7 Post-tender negotiations**

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

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

In each case, a statement of justification should be approved by the Principal prior to the event, showing:

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

All post-tender negotiations should be reported to the Administration and Finance Committee.

### **16.8 Contracts and projects**

Building contracts are the responsibility of the Administration and Finance Committee (or a sub-committee of Governing Body if one has been set up for the purpose of overseeing a building project) and are

administered by the college's Vice Principal (Information Systems and Resources).

Proposals will normally be initiated by the Vice Principal (Information Systems and Resources) in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments.

Consultants may be appointed if the project, as determined by the Administration and Finance Committee, is too large or too specialised for college resources. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Head of Finance as appropriate for Administration and Finance Committee consideration. Investment appraisals should comply with appropriate funding body guidance.

Following consideration by the Administration and Finance Committee and approval by the Governing Body, submissions should be forwarded to the funding body where appropriate. If the required agreement is secured from the funding body, funding body procedural rules should be followed. Funding body guidance on best practice should be followed even when funding body approval is not required.

The achievement of value for money will be an objective in the letting of all contracts.

### **16.9 EU regulations**

The Bursar, in his role as purchasing officer, is 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 a threshold value.

The Bursar will advise budget holders on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

It is the responsibility of budget holders to ensure that they comply with EU regulations by notifying the Bursar of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as the *Official Journal of the European Community* (OJEC).

In certain circumstances it may be appropriate to use a consultant to assist in the preparation of an OJEU tender.

#### **16.10 Receipt of goods**

All goods received shall be checked by the person receiving them against both the delivery note supplied with the delivery and the details of the order. Any discrepancies should be identified and highlighted to the supplier and to the Bursar. Goods must not be signed for unless they have been checked. Any non computing equipment of a value above £100 needs to be security marked and entered on to the trackable items database. The Bursar will notify the IT Department who will carry out the security markings and update the database. Any computing equipment will be security marked and entered on to the trackable items database by the Network Manager. Items below this threshold may also be entered.

#### **16.11 Payment of invoices**

The Bursar is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by cheques or BACS transfer each fortnight. In exceptional circumstances the Bursar will prepare an additional payment run to cover urgent payments.

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

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Finance office. If invoices are received by the budget holder they must be passed to the Finance office without delay.

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

Payments will only be made by the Bursar against invoices that have been certified for payment by the appropriate budget holder. Invoices are scanned on to the accounting system and will require on-line authorisation by the budget holder prior to release for payment.

Authorisation of an invoice is confirming:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- invoice details (quantity, price discount) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- an appropriate cost centre is quoted; this must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

#### **16.12 Staff reimbursement**

The college's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement in line with, for example, the policies on travel and subsistence allowances.

#### **16.13 College credit cards**

Where appropriate the Principal or Chair of Directors may approve the issuing of college credit cards to appropriate staff. These credit cards should be used for the payment of valid business expenses only and the misuse of such cards shall be grounds for disciplinary action and the college has an automatic right of recovery. Credit cards should only be used to make payments where it is impracticable to pay by any other means or where the college is gaining financially from doing so.

The Principal or Chair of Directors must approve the opening credit limit on each card and any later change to this limit.

It is the responsibility of the card holder to keep the card secure. If the user suspects at any time that the security of the card and the

information it holds has been compromised they must immediately report this fact to the Finance office.

If the card is being used to make on-line payments the user should exercise extra caution and satisfy themselves that the website is secure and that the supplier is known and reputable.

All paperwork in respect of credit card transactions such as receipts printed from the internet should be passed to the Finance office where they will be filed and matched against the statements. The statements will then be presented to Finance Panel (Operational) for review on a monthly basis.

Credit card payments should not be made without the purchase order procedures being followed.

#### **16.14 Petty cash**

Where a total purchase is for less than £50.00 it may be paid for by or re-imbursed through petty cash on presentation of a petty cash claim form with a receipt attached, signed by the budget holder. Any claims for petty cash by the budget holder must be counter signed by a member of the Senior Leadership Team.

Petty cash is managed by the Finance office and requests for re-imburement should be made to the Bursar. An advance of petty cash may be made to a staff member but a signed claim form and receipt or invoice and any change must be passed back to the Finance office as soon as possible after the payment has been made.

#### **16.15 Other payments**

Payments from the Access Fund or Bursary Fund to students on behalf of college shall be made through Student Finance or the Finance Office on the authority of the Deputy Head of Student Support in accordance with the relevant written procedures, via BACS where possible.

#### **16.16 Late payment rules**

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

- 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 base rate of the Bank of England
- the Act also applies to overseas organisations
- the college can be sued for non-payment.

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

### **16.17 Cash advances**

The Head of Finance and the relevant budget holder may jointly approve cash advances for student activities carried out away from the college where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or a college credit card.

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

### **16.18 Giving hospitality**

Staff entertaining guests from outside bodies at lunch time should normally use the college's catering facilities. If lunch is to be taken in one of the catering areas meal tickets can be obtained from the Bursar which must be signed by the budget holder. Alternatively catering away from the catering area can be arranged by the catering suppliers which will be re-charged to the department. To arrange catering in this way a Hospitality Request must be completed and passed to the Principal's PA for authorisation by the Principal or the Head of Finance.

## **17 Pay Expenditure**

### **17.1 Remuneration policy**

College staff will be appointed to the Sixth Form College's Association salary scales which have been approved by the Governing Body and in accordance with appropriate conditions of service. All letters of appointment must be issued by the HR Department.

Salaries and other benefits for senior post-holders will be determined by the Remuneration Committee of the Governing Body.

### **17.2 Appointment of staff**

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

### **17.3 Salaries and wages**

The Head of Finance is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All Additional Hours Claim Forms for salaried staff or Hourly Paid Staff Claim Forms must be authorised by the Deputy Principal before payment will be made.

If a claim for additional hours is to be made by a staff member authorisation to do the work must be obtained before it is done.

The HR Department will be responsible for keeping the Head of Finance informed of all matters relating to personnel for payroll purposes. In particular these include:

- appointments, resignations, dismissals, 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.

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

The Head of Finance shall be responsible for keeping all records relating to payroll including those of a statutory nature.

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

#### **17.4 Pension schemes**

College employees are able to join one of two pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for teachers and related staff or the Local Government Pension Scheme (LGPS) for non-teaching staff ('YPS: Your Pension Scheme'), which is managed by Lancashire County Council

The Head of Finance is responsible for day-to-day pension matters. The Bursar carries out the duties to include:

- paying contributions to the schemes
- submitting monthly data files
- preparing the annual return to both pension schemes
- administering eligibility to pension arrangements
- dealing with correspondence from/to the pension providers
- implementing auto-enrolment procedures

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

All claims for payment of subsistence allowances, travelling and incidental expenses must be made on the appropriate form and in accordance with the detailed Travelling Expenses and Subsistence Policy. Public transport should be used whenever possible and if a claim is made for a journey which could have been made easily and more cheaply by public transport only the cost of that public transport will be reimbursed.

##### **Claims for expenses – Staff Development**

Following completion of a staff development activity, a member of staff is provided with an Expenses Claim Form. This should be completed and then passed to the Deputy Principal for authorisation. It will then be passed to Finance who will issue a payment. Expenses will only be paid for staff development activities that have been properly authorised on Cintra.

##### **Claims for expenses – Non-Staff Development**

These forms are available from the Finance and HR Office. On

completion the form should be passed to the Deputy Principal for authorisation who will then pass it to Finance for payment.

### **Interview expenses**

Ordinarily college does not pay expenses for interview candidates though an agreement to support the payment of expenses may be made in exceptional circumstances and with the agreement of the Principal.

### **17.6 Overseas travel**

All arrangements for overseas travel must be approved by the Principal or Deputy Principal in advance of committing the college to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Principal or members of the Governing Body shall be approved by the Chair of the Governing Body. Arrangements for travel by the Chair shall be approved by the Administration and Finance Committee.

Where spouses, partners or other persons unconnected with the college intend to participate in a trip, this must be clearly identified in the approval request. The college must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings.

### **17.7 Allowances for members of the Governing Body**

No allowances are paid to members of the Governing Body.

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

Severance payments shall only be made in accordance with relevant legislation and under an agreement approved by the Governing Body through the Administration and Finance Committee or via the Chair. Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose. All such payments shall be authorised by the Principal and calculations checked by the Head of Finance and Head of HR. Amounts paid should be declared in the financial statements in accordance with the FE sector reporting requirements. Under the college's Financial Memorandum the Governing Body must demonstrate that payments in respect of termination are regular and secure value for money and they must avoid spending public funds on settlements where disciplinary action would have been more appropriate.

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

## **18 Assets**

### **18.1 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 Governing Body and with reference to funding body requirements where appropriate.

### **18.2 Fixed asset register**

The Head of Finance is responsible for maintaining the college's register of land, buildings, fixed plant and machinery. The Trackable Items Database which records assets, including those which may not be capitalized, is maintained by the Network Manager

### **18.3 Stocks and stores**

Heads of Department are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. Heads of Department are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

### **18.4 Safeguarding assets**

Heads of Department are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control. They will consult the Vice Principal (Information Systems and Resources) or the Head of Estates in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

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

### **18.5 Personal use**

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

### **18.6 Asset disposal**

Disposal of equipment and furniture must be in accordance with procedures contained in the college's detailed financial procedures.

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

### **18.7 All other assets**

Heads of Department are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the college, whether tangible (such as stock – see above) or intangible (such as intellectual property), including electronic data.

## **19 Funds Held on Trust**

### **19.1 Gifts, benefactions and donations**

The Head of Finance 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.

### **19.2 Student welfare funds including Bursary and Free Meal allocations**

The Head of Finance will prescribe the format for recording the use of student welfare funds in conjunction with the Head of Student Support.

Records of Bursary and Free Meal allocations funds will be maintained according to funding body requirements.

## **20 Other**

### **20.1 Insurance**

The Head of Finance 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 strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the Administration and Finance Committee periodically.

The Bursar is responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Bursar will keep a register of all insurances effected by the college and the property and risks covered. He or she will also deal with the college's insurers and advisers about specific insurance problems.

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

The Head of Estates is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

All staff using their own vehicles on behalf of the college shall maintain appropriate insurance cover for business use.

## **20.2 Companies and joint ventures**

In certain circumstances it may be advantageous to the college to establish a company or a joint venture to undertake services on behalf of the college. Under the college's funding agreement with the ESFA it is free to participate in companies within the limits of the powers imposed by the Further and Higher Education Act as amended. The Governing Body shall ensure that appropriate arrangements are in place for the governance and management of any such companies and the college shall inform the ESFA as soon as is reasonably practicable if participation in any company may pose a risk to the solvency of the college.

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

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

Where the college is the majority shareholder in a company, the funding body requires that the company's financial year must be consistent with that of the college.

### **20.3 Security**

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

The Network Manager and Head of MIS and Exams are 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 computers 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.

The Head of Finance 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 Head of Finance. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

### **20.4 Provision of indemnities**

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

## **21 Other Related Policies**

Financial Procedures Policy

Whistleblowing Policy

Risk Management Policy

Data Protection Policy

Staff Disciplinary Policy

Staff Code of Conduct

## **22 Appendices**

Appendix A Committee and college Senior Leadership Structure

Appendix B Administration and Finance Committee Terms of Reference

Appendix C Audit Committee Terms of Reference

Appendix D Overview of the Finance Department

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

Appendix F Summary of Protocols for Proposed Capital Expenditure

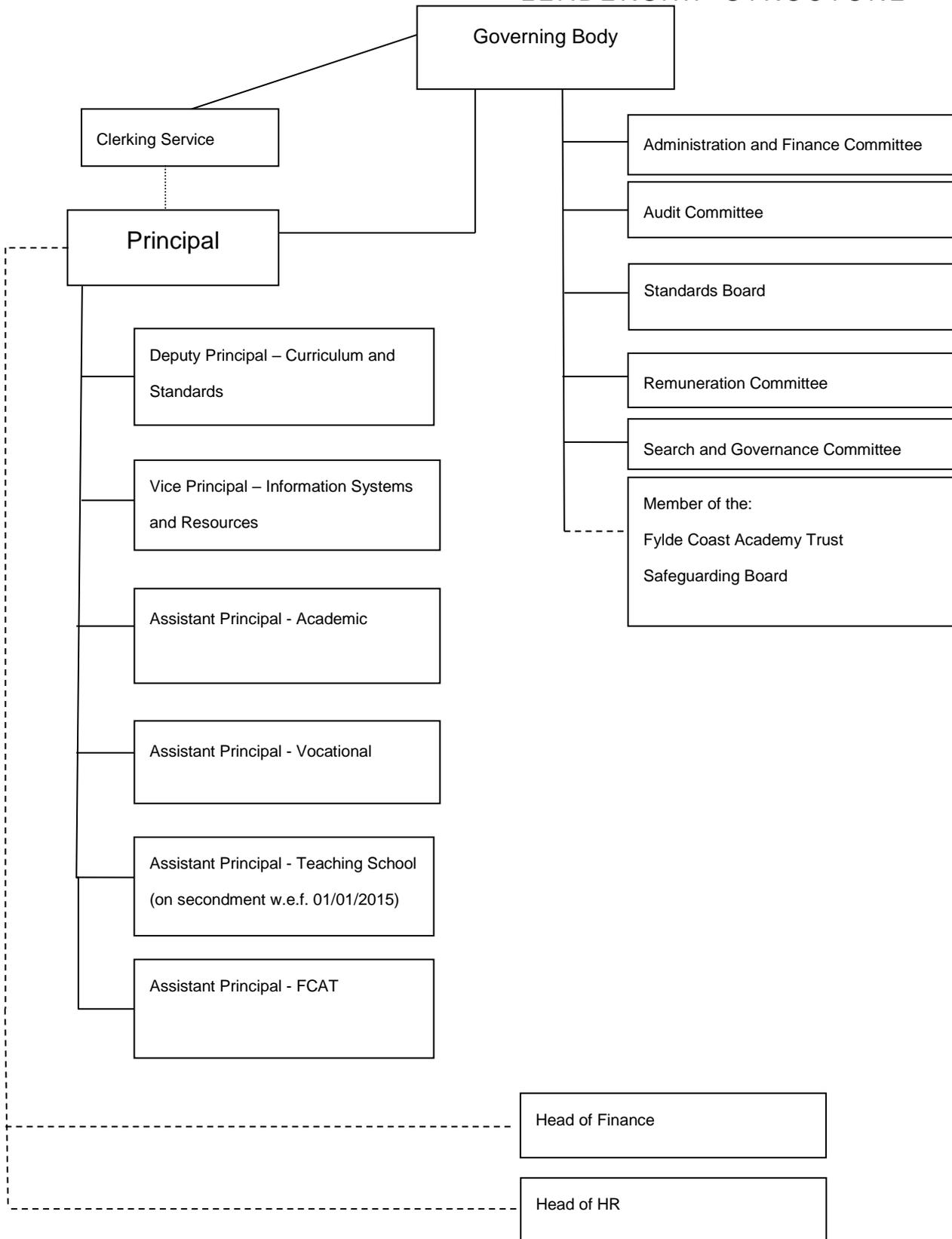
Appendix G Audit

Appendix H Fraud Response Plan

Appendix I The college's Code of Tendering Practice

Appendix J Bribery and Corrupt Practices

**APPENDIX A: COMMITTEE AND COLLEGE SENIOR LEADERSHIP STRUCTURE**



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## APPENDIX B: ADMINISTRATION AND FINANCE COMMITTEE TERMS OF REFERENCE

The terms of reference of the **Administration and Finance Committee** are as follows:

- to normally consist of six members, including the Principal, to operate within a quorum of two non-staff Directors and to meet at least once a term
- to make recommendations to the Corporation on
  - the annual estimates of income and expenditure
  - major variations of expenditure
  - capital expenditure requirements including loans
  - the college accommodation strategy
  - approving the framework for the pay and conditions of service of all but the senior post holders
- to review arrangements for securing value for money, solvency and safeguarding of assets to recommend any virement between budget heads felt to be necessary
- to approve significant capital expenditure within the approved programme and to monitor projects
- to determine tuition and other fees
- to determine the college investment and borrowing policies
- to remit matters of joint concern to the Remuneration Committee and when necessary, meet in conjunction with that committee
- to review every two years the Health and Safety Policy, the Environmental Sustainability Policy and the Finance Regulations and to recommend any amendments to the Corporation
- to undertake the responsibilities of the Governing Body as an employer (other than for designated senior post holders and the Clerk) including approval of human resources policies and oversight of the college's legal responsibilities as the employer
- to keep under consideration, in partnership with the Principal, the management structure of the college

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## APPENDIX C: AUDIT COMMITTEE TERMS OF REFERENCE

**The Terms of Reference of the Audit Committee** (which must be established as a condition of funding through the Financial Memorandum) are as follows:

- to normally consist of four members, exclusive of the Chair of the Corporation, the Principal and any members of the Administration and Finance Committee and to operate a quorum of two non-staff members
- to ensure that the Committee maintains its independence when new members are appointed
- to ensure that the Committee has the range of skills and recent experience relevant to risk, governance, finance, audit, assurance and control
- to meet at least once a term
- to conform to the requirements of the Joint Audit Code of Practice
- to advise the Corporation on the comprehensiveness and effectiveness of the college's Assurance Framework, Risk Management System, internal control system, including controls safeguarding assets, securing value for money in addition to securing economy, efficiency and effectiveness.
- to advise the Corporation on the appointment, reappointment, dismissal and the remuneration of external auditor and other assurance providers and establish that all such assurance providers adhere to relevant professional standards
- to advise the Corporation on the appointment of an external auditor. It is acknowledged that from 1<sup>st</sup> August 2012, the requirement for sixth form colleges to have internal audit and submit an annual internal audit report to the Education and Skills Funding Agency was removed. However, the Corporation has decided to retain the services of a firm of internal auditors and it falls within the remit of this committee to recommend appointment and re-appointment of this.
- to consider and advise the Corporation on the audit needs assessment and the strategic and short term audit plans for the internal audit service
- to consider and advise the Corporation on internal audit reports and the management responses
- to consider and recommend the External Auditor's Annual Audit Planning Memorandum to the Corporation
- to consider and advise the Corporation on external audit reports, management responses and to review the

Representation letter from the External Auditors and recommend to the Corporation

- to advise the Corporation on the provision of any additional services by the external, internal and other assurance providers and to explain how independence and objectivity have been safeguarded
- to monitor the effectiveness of the internal and external audit services by the establishment and annual monitoring of Performance Indicators to monitor on a regular basis, the implementation of approved recommendations relating to both internal audit reports and external audit reports and management letter(s) to maintain, as a consistently and consciously observed standpoint, the Committee's independence from the College Management
- to review the college Annual Report and Financial Statements and recommend them to the Corporation
- to provide any additional assurances required in the Statement of Corporate Governance and Internal Control within the Annual Accounts
- to oversee policies on fraud, irregularity and whistleblowing and to investigate any activity within its terms of reference. (NB Funding Body approval is required prior to commissioning an investigation).
- to obtain all information and explanations it considers necessary, from whatever source, to fulfil its remit
- to compel, if necessary, any member of staff to attend a meeting of the Audit Committee
- to advise internal and financial auditors, and in cases of significant fraud the Chief Executive of the Funding Body, of the outcomes, actions and follow ups to all related investigations
- to prepare an Annual Audit Committee Report and submit to the Corporation (and to include any significant issues arising up to the date of preparation of the Report). This must include a view on the Committee's own effectiveness and how it fulfilled its terms of reference. The Report must include the Committee's opinion on the adequacy and effectiveness of the college's audit arrangements, its framework of Governance, risk management and control, its processes for securing economy efficiency & effectiveness and the solvency of the institution and the safeguarding of its assets.
- to submit a copy of the Audit Committee's Annual Report to the Funding Body

- to review every year at the summer term meeting the Risk Management Policy and to recommend any amendments to the Corporation
- not to be required to adopt an executive role.

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## APPENDIX D: OVERVIEW OF THE FINANCE DEPARTMENT

- 1 The Finance office is located in the Wyre building and is usually staffed from 8:30am to 4:45pm.
- 2 The following is a list of the main functions and services of the Finance Department. Detailed procedures in relation to specific functions can be found in the Finance Procedures document.
- 3 **Creditor payments.** The Finance Department pay all sums owed by the college. Payments are made mainly to suppliers of goods and services as well as items such as re-imbusement of Staff Travel Expenses and Petty Cash payments. Any invoices received by college staff must be passed through to the Finance Department without delay. Invoices are scanned and approved on-line.
- 4 **Collection of income.** All income due to the college must be banked through the Finance Department either directly or via the Student Finance Department. Payments are accepted by cheque or cash, or via the Vericool online payments system . Direct payments can be made to the college's bank account. Overdue debts are pursued in consultation with the appropriate department and, where appropriate, court action may be taken. Staff members can deposit money whenever there is a member of staff present in the Finance office. Aged debtor lists should be reviewed as a part of the month end procedures.
- 5 **Payroll.** The college's payroll is administered by an independent payroll bureau, which is accessed via the Finance Department. All standing data and adjustments are effected through the Finance Department in collaboration with the HR Department. The Finance Department is also responsible for submission of all PAYE and Pension returns.
- 6 **Insurance.** All aspects of insurance cover and claims are handled by the Finance Department. Prompt notification of all losses is essential if claims are to be processed effectively. Failure to notify the police in cases of theft or criminal damage can also invalidate a claim.
- 7 **Financial Accounting** This includes the maintenance of the accounting system, preparation of year end financial statements, submission of the Finance Record to the funding body and other accounts, tax returns, etc.

It also includes treasury management, which encompasses borrowing and lending, cash flow forecasting and management of the bank accounts

- 8 Management Accounting** This includes the preparation of the financial plan, consolidation and submission of planning data to the funding body, compilation of the detailed annual budget and production of comparative statistical data. The Head of Finance provides regular monitoring statements and financial advice to the Governing Body and its committees.
- 9 Budget monitoring.** Department heads have direct on-line access to their budget accounts. Any queries regarding access or in relation to any transactions should be directed to the Finance Department.
- 10 Internal audit.** The requirement for all sixth form colleges to have an independent internal audit function has been removed however the college has resolved to retain the internal auditors who operate in conjunction with the audit committee. The Finance Department is responsible for the receipt and co-ordination of responses to audit reports in collaboration with the Clerking service. The Finance Department must also review earlier Audit Reports to ensure recommendations have been implemented appropriately.
- 11 Procedures and regulations.** Financial regulations and detailed financial procedures are maintained and disseminated by the Finance Department.
- 12 Purchasing.** Purchase order requests are processed and authorised on-line. Except in exceptional circumstances these must be submitted before an order is made. Advice and guidance on the acquisition of goods and services, assistance with quotes and the tender process, sourcing of vendors etc. will be provided by the Finance Department on request.
- 22 Ad hoc services.** Support, advice and information will be provided by the Finance Department on request. This will cover such areas as funding bids, completion of financial returns, budget management, investment appraisal, sales of assets etc..

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

**SELFLESSNESS**

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Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

**INTEGRITY**

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Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that may influence them in the performance of their official duties.

**OBJECTIVITY**

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In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

**ACCOUNTABILITY**

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Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

**OPENNESS**

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Holders of public office should be as open as possible about all their decisions and the actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

**HONESTY**

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Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

**LEADERSHIP**

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

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APPENDIX F: SUMMARY OF PROTOCOLS FOR  
PROPOSED  
CAPITAL EXPENDITURE

Proposed capital projects should be supported by:

- A statement that demonstrates the project's consistency with the strategic plans and estates strategy approved by the Governing Body.
- An initial budget for the project for submission to the planning and resources committee and the estates committee. The budget should include a breakdown of costs including professional fees, VAT and funding sources.
- A financial evaluation of the plans together with their impact on revenue plus advice on the impact of alternative plans.
- If required, an investment appraisal in an approved format which complies with funding body guidance on option and investment appraisal.
- A demonstration of compliance with normal tendering procedures and funding body regulations. This will require careful consideration where partnership arrangements are in place.
- A cash flow forecast.

## **INTERNAL AUDIT**

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The college corporation's responsibilities in relation to internal control and internal audit are outlined in the Post-16 Audit Code of Practice, an extract of paragraphs 44 -47 is below:

44. The corporation can also draw comfort from the work of the audit committee and internal auditor (if applicable) which provides a process for independent checking of internal control processes.

45. It is for the corporation to determine if further work is necessary at year end to make their statement of regularity, propriety and compliance. If proper internal control processes have operated during the year, there should be no need for significant additional scrutiny.

## **REGULARITY AUDIT FRAMEWORK**

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The college corporation's responsibilities in relation to the Regularity Audit Framework are outlined in the Post-16 Audit Code of Practice, an extract of paragraphs 34 - 39 is below:

34. Regularity and propriety are discussed within HM Treasury's 'Managing Public Money' (MPM). MPM sets out that the accounting officer of the funding bodies has a personal responsibility for safeguarding the public funds for which they have charge, and for ensuring regularity and propriety in the handling of these funds.

35. Significant amounts of public funding are passed to colleges from the funding bodies each year. This framework sets out how the accounting officer of the funding bodies seeks to obtain assurance over the regularity and propriety of public funds to satisfy their responsibility.

36. MPM defines regularity as the requirement that 'resource consumption should accord with the relevant legislation, the relevant delegated authority and this document'.

37. For college corporations, this encompasses legislation (for example the Further and Higher Education Act 1992), conditions of funding and other guidance issued by the funding bodies.

38. Propriety is a related concept concerned with standards of conduct, behaviour and corporate governance. MPM defines propriety as the requirement that 'patterns of resource consumption should respect Parliament's intentions, conventions and control procedures'.

39. Propriety is less prescriptively defined but includes matters such as fairness, integrity, the avoidance of private profit from public business, even-handedness in the appointment of staff, open competition in the letting of contracts and avoidance of waste and extravagance. There are no definitive guidelines for propriety, and professional judgement is required.

## **AUDITOR DETAILS**

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### Internal Auditors

RSM Risk Assurance Services LLP

9<sup>th</sup> Floor

3 Hardman Street

Manchester

M3 3HF

### External Auditors

Mazars LLP

14<sup>th</sup> Floor

The Plaza

100 Old Hall Street

Liverpool

L3 9QJ

### PURPOSE

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- 1 The purpose of this plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The use of the plan should enable the college to:
  - prevent further loss
  - establish and secure evidence necessary for criminal and disciplinary action
  - notify the funding body, if the circumstances are covered by the requirements of the funding agreement
  - recover losses
  - deal with requests for references for employees disciplined or prosecuted for fraud
  - review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud
  - keep all personnel with a need to know suitably informed about the incident and the college's response
  - inform the police
  - assign responsibility for investigating the incident
  - establish circumstances in which external specialists should be involved
  - establish lines of communication with the police.

### INITIATING ACTION

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- 2 The person may choose to make disclosure of a suspected fraud under the Public Interest Disclosure (Whistleblowing) Policy. Alternatively all actual or suspected incidents of fraud should be reported without delay to the Principal or Head of Finance. The Principal or Head of Finance should, within 24 hours, hold a meeting of the following project group to decide on the initial response:
  - Principal (Chair)

- Deputy Principal
- a senior representative of internal audit
- Head of Finance
- Head of HR

It may be considered necessary to include the Chair of the Governing Body and/or the Chair of the Audit Committee on this panel.

If the suspected fraud is thought to involve the Head of Finance and/or the Principal the member of staff should notify the Chair of the Audit Committee. Alternatively if the suspected fraud is thought to also involve members of the Governing Body the member of staff should approach the Internal Auditors direct (see Appendix G for Internal Auditor details).

- 3 The project group will decide on the action to be taken. This will normally be an investigation, led by internal audit. The decision by the project group to initiate a special investigation shall constitute authority to internal audit to use time provided in the internal audit plan for special investigations, or contingency time, or to switch internal audit resources from planned audits.

## **PREVENTION OF FURTHER LOSS**

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- 4 Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the project group will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspects. It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.
- 5 In these circumstances, the suspect(s) should be approached unannounced. They should be supervised at all times before leaving the college's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the college. Any security passes and keys to premises, offices and furniture should be returned. If they have a college laptop computer, iPad or other mobile device this must be returned immediately.

- 6 Advice should be obtained on the best means of denying access to the college while suspects remain suspended. Similarly, access permissions to the college's computer systems should be withdrawn immediately.
- 7 Internal audit shall consider whether it is necessary to investigate systems, other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the college's assets.

## **ESTABLISHING AND SECURING EVIDENCE**

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- 8 A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The college will follow disciplinary procedures against any member of staff who has committed fraud. The college will normally pursue the prosecution of any such individual. College will follow the instructions and advice of the Police to secure any evidence as necessary.

## **NOTIFYING THE FUNDING BODY**

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- 9 Under the funding agreement with the Education and Skills Funding Agency (ESFA) the college shall investigate and report to the ESFA all significant cases of internal and external fraud or suspected fraud or irregularity and shall ensure that the ESFA is able to review any investigation undertaken by, or on behalf of, the college.

## **RECOVERY OF LOSSES**

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- 10 Recovering losses is a major objective of any fraud investigation. The Head of Finance or, where necessary, the Internal Auditors shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.
- 11 Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be

obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The college would normally expect to recover costs in addition to losses.

## **REFERENCES FOR EMPLOYEES DISCIPLINED OR PROSECUTED FOR FRAUD**

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- 12** Any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to the Head of HR who shall prepare any answer to a request for a reference having regard to employment law.

## **REPORTING TO GOVERNORS**

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- 13** Any incident shall be reported without delay by the Principal to the Chair of the Governing Body.
- 14** Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the Chairs of both the Governing Body and the Audit Committee.
- 15** On completion of a special investigation, a written report shall be submitted to the Audit Committee containing:
- a description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud
  - the measures taken to prevent a recurrence
  - any action needed to strengthen future responses to fraud, with a follow-up report on whether or not the actions have been taken.

This report will normally be prepared by internal audit.

## **REPORTING LINES**

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- 16** The project group shall provide a confidential report to the Chair of the Governing Body, the Chair of the Audit Committee, the Principal and the external audit partner at least monthly, unless the report recipients

request a lesser frequency. The scope of the report shall include:

- quantification of losses
- progress with recovery action
- progress with disciplinary action
- progress with criminal action
- estimate of resources required to conclude the investigation
- actions taken to prevent and detect similar incidents.

## **STAFF MEMBER NOTIFYING SUSPECTED FRAUD**

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- 17** The member of staff or Governor who initially notifies the Head of Finance or Principal of a suspected fraud should have their privacy respected wherever possible. No disciplinary action will be taken against this person unless they have, for example, raised the suspicion maliciously. The employee should take regard of the Public Interest Disclosure (Whistleblowing) Policy. If the member of staff is not happy with the follow up to a report they have made they should notify someone else of this fact. For example if they previously notified the Head of Finance they could now notify the Chair of the Audit Committee of their concerns.

## **REVIEW OF FRAUD RESPONSE PLAN**

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- 18** This plan will be reviewed for fitness of purpose periodically or after each use. Any need for change will be reported to the audit committee for approval.

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## APPENDIX I: THE COLLEGE'S CODE OF TENDERING PRACTICE

When instituting a competitive tendering process the member of staff must take advice from the Head of Finance and the Bursar and must be mindful of the following:

- there is a duty on all the college's staff to comply with this code of practice.
- where applicable the college should use any frameworks arranged by the funding body
- all relevant EU directives must be complied with.
- the **competitive tendering procedure** must:
  - ensure fairness of competition
  - ensure that companies invited to tender are financially and technically able to meet the college's requirements
  - indicate the terms of the contract
  - outline any appropriate standards to be complied with.
  - ensure a minimum of three suppliers are included in the process
  - take in to account any suppliers already approved by the college that might undertake the work specified
  - take in to account any suppliers within any consortia that the college is a member of
  - state the terms by which the contractors will be paid
  - ensure that national requirements concerning good practice should be followed.
- the procedures for submission of tenders (eg time, date, etc) must be clearly explained in the tender document.
- on receipt of tenders they must be kept safely with custody being given to an appropriate person until the time of opening.
- the tender document must be clear about any issues that could affect the admissibility or acceptance of a tender.
- once a tender is accepted the terms of this acceptance must be notified to the supplier tendering and notification given to those suppliers whose tenders have not been accepted.
- if a tender has been accepted which is not at the lowest price then a note explaining the justification for this decision must be kept on file

## **BRIBERY AND CORRUPT PRACTICES**

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The college's Governing Body, Principal and Senior Leadership Team are all committed to ensuring the college is not involved in any bribery or corrupt practices and have a zero tolerance approach to bribery and corrupt practices.

The ethos of the college and its dedication to its core values of Respect, Excellence and High Aspirations, Support, Inclusion, Integrity, Global Citizenship and Enthusiasm underpin this commitment.

This policy applies to all employees and anyone acting for, or on behalf of, the college ("associated persons"), including directors, other volunteers, temporary workers, consultants and contractors.

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.

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 or not 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.

This policy is not intended to prohibit appropriate hospitality undertaken in connection with the college's activities, provided the activity is customary under the circumstances, is proportionate, and is properly recorded/disclosed to the college in accordance with its procedures.

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 either directly to the Senior Leadership Team or through the Whistle Blowing Procedures.

The college will perform a risk assessment to determine those areas where the college may be potentially exposed to bribery or corrupt practices. This risk assessment will consider internal and external risk areas. Proportionate policies and procedures will be developed and implemented as appropriate to mitigate any risks highlighted. Training will be given on these policies and procedures to any staff members in an "at risk" area.

The college's internal audit service will be tasked periodically with assessing the arrangements and controls to detect and prevent bribery and corrupt practices.

## **Finance Regulations**

### **Update List**

- 1) Passed by Full Board December 2008
- 2) Appendix L, Student Council Procedures added March 2009
- 3) Index added March 2009
- 4) Updated and passed by Full Board July 2010
- 5) Updated and passed by Full Board July 2011
- 6) Updated and passed by Full Board March 2013
- 7) May 2015 - Removal of Financial Procedures to be placed in a separate document
- 8) May 2015 - Removal of Student Council Procedures to be placed in a separate document
- 9) Approved by SLT 4<sup>th</sup> June 2015
- 10) Approved by Full Board 1<sup>st</sup> July 2015
- 11) Updated and approved by SLT 12<sup>th</sup> June 2017
- 12) Updated and approved by Full Board 4<sup>th</sup> July 2017

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