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SLT Lead:	Interim Chief Finance Officer
a. Responsible Person for policy review: b. Responsible Manager for policy implementation (if different):	Director of Finance
How does the policy link to the Strategic Plan Aims and Themes: Aims: 1. <i>Outstanding Teaching, Learning and Assessment</i> 2. <i>Beneficial Partnerships</i> 3. <i>Sustainable SMART Campuses</i> 4. <i>Inclusive, Thriving Community</i> 5. <i>Financial Sustainability</i> Themes: a. <i>Sustainability and the environment</i> b. <i>Happiness and wellbeing</i> c. <i>Digital transformation</i> d. <i>Equality, diversity and inclusion</i>	Financial Sustainability through: Adherence to all relevant legislation Clear roles and responsibilities Commitment to integrity and accountability Ability to deliver outstanding results Financial stability as a bedrock for growth
a. Related Policies and Procedures: b. Related Legislation:	Further and Higher Education Act 1992 Charities Act 2011 HMT Managing Public Money The Nolan Committee on Standards in Public Life May 1996 Public Interest Disclosure Act 1998 Procurement Act 2023
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Key Updates/Changes from previous policy: Items <i>italicised in black font</i> below – see pages 7 (definitions), page 29 section 18.2 Scheme of delegation/financial authorities, page 30 section 18.4 Purchase orders & page 37 section 18.14 Hospitality	

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TERMINOLOGY

CORPORATION

Oaklands Further Education Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the affairs of Oaklands College.

AUDIT COMMITTEE

A Committee independent of Senior Leadership Team responsibility, which advises the Corporation on issues related to internal audit, external audit, risk management and financial control. It is required to issue an annual report to the Corporation, which, *inter alia*, comments on the College's system of internal control.

BUDGET HOLDER

The member of staff who has been assigned his or her own budget and is accountable to their Senior Leadership Team or Senior Management Team member for it.

DIRECTOR OF FINANCE

The Director of Finance of the College.

COLLEGE SECRETARY / CLERK TO THE CORPORATION / DIRECTOR OF GOVERNANCE

The person advising on college policy having regard to the articles of government and other legislative frameworks; and providing independent guidance on statutory, constitutional and procedural matters to the Corporation.

COLLEGE SENIOR LEADERSHIP TEAM

This is the body responsible for the management of the College and comprises:

- *Principal and Chief Executive*
- *Deputy Principal - Curriculum, Performance & Student Experience*
- *Deputy Principal – Strategy, partnership & Business Development*
- *Chief Technology and Infrastructure Officer*
- *Chief Finance Officer*
- *Executive Director of People and Culture.*

DEPARTMENT OF EDUCATION

The Department of Education (DFE) provides funding as well as having a wider range of powers.

PRINCIPAL AND CHIEF EXECUTIVE

The person with the ultimate Senior Leadership Team responsibility for the management of the College and the designated accounting officer of the College.

SENIOR MANAGEMENT TEAM

This body comprises the members of the College Senior Leadership Team together with Vice Principals and Directors of departments. Every member of the Senior Management Team has a budgetary responsibility.

A GENERAL PROVISIONS

1 Background

- 1.1 The College is a further education corporation created under the provisions of the Further and Higher Education Act 1992. Its structure is laid down in the Instrument and Articles of Government, which may only be amended by the Corporation. The College is accountable through its Corporation, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2 The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.
- 1.3 The funding agreement / financial memorandum between the DFE and the College sets out the terms and conditions on which grant is made. The Corporation is responsible for ensuring that conditions of grant are met. As part of this process, the College must adhere to the DFE’s Audit code of practice, which requires it to have sound systems of financial and management control. The financial regulations of the College form part of this overall system of accountability.
- 1.4 As at 29th November 2022 further education colleges were reclassified into the public sector. As a result, additional regulations and reporting requirements have been issued and must be adhered to. (Appendix L)

2 Status of Financial Regulations

- 2.1 This document sets out the College’s financial regulations. It translates into practical guidance the College’s broad policies relating to financial control. The updates to this document were approved by the Corporation on 1 July 2024. 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 financial memorandum/funding agreements with the DFE and The Greater London Authority and the DFE’s Audit Code of Practice.
- 2.3 The purpose of these financial regulations is to provide control over the totality of the College’s resources and provide management with assurances that the resources are being properly applied for the achievement of the College’s strategic plan and business objectives:
 - financial viability
 - achieving value for money
 - fulfilling its responsibility for the provision of effective financial controls over the use of public funds
 - ensuring that the College complies with all relevant legislation

- safeguarding the assets of the College.
- 2.4 Compliance with the financial regulations is compulsory for all staff connected with the College. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the College's disciplinary policy. The Corporation will be notified of any such breach leading to disciplinary action, through the Audit Committee. It is the responsibility of members of the Senior Management Team to ensure that their staff are made aware of the existence of, content and requirement to comply with the College's financial regulations.
- 2.5 The Corporation is responsible for maintaining a continuous review of the financial regulations. The Principal and Chief Executive is responsible for advising the Corporation of any additions or changes necessary.
- 2.6 In exceptional circumstances, the Corporation may authorise a departure from the detailed provisions herein.
- 2.7 The College's detailed financial procedures set out precisely how these regulations will be implemented and are contained in a separate manual.

B CORPORATE GOVERNANCE

3 The Corporation

The Corporation is ultimately responsible for the performance of the college under the Instrument and Articles of Government. The Corporation recognises that it has specific financial responsibilities as set out below and where there are no specific responsibilities has delegated responsibility to the Principal and Chief Executive.

- 3.1 The Corporation's financial responsibilities are to:
- secure the effective and efficient use of resources, the solvency of the institution and Corporation and safeguarding their assets (Instrument and Articles of Government – 2022)
 - appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and Chief Executive, other senior post-holders and the Clerk to the Corporation (Instrument and Articles of Government – 2022)
 - approve annual estimates of income and expenditure (Instrument and Articles of Government - 2022)
 - ensure appropriate arrangements for sound governance, financial management, securing value for money and accounting, and that the college's use of public funds is consistent with the purposes for which the funds have been given (Financial Memorandum – Part 1)
 - approve the appointment of financial statements auditors and an internal audit service (Instrument and Articles of Government – 2022 and Audit Code of Practice)

- Ensure that there is an effective policy of risk management (Financial Memorandum – Part 1)
- ensure that the College complies with the mandatory requirements of the DFE's Audit code of practice (Financial Memorandum – Part 1)
- approve the annual report and financial statements and provide copies thereof to the DFE as directed (Financial Memorandum – Part 1)

4 Designated Officer

- 4.1 The Principal and Chief Executive is the College's designated officer and is responsible for ensuring the financial administration of the College's affairs in accordance with the financial memorandum with the DFE. As the designated officer, the Principal and Chief Executive may be required to justify any of the College's financial matters to the Public Accounts Committee at the House of Commons (or equivalent bodies in Scotland and Wales).

In particular, the articles of government 2 (b) charge the Principal and Chief Executive 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 and Chief Executive 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 Integrated Financial Model / College Financial Forecasting Return submitted to the DFE.

5 Committee Structure

- 5.1 The Corporation has ultimate responsibility for the College's finances, but delegates specific financial powers and processes to the Committees detailed below. These Committees are accountable to the Corporation. Detail depicting the Committee structure is included at Appendix A. The Corporation has allocated responsibility for monitoring of the College's financial position to the Finance & Resources Committee and, through the Audit Committee, financial control systems. Based on the recommendations of the Finance & Resources Committee, the Corporation will approve the annual estimates and accounts (including the accounting policies upon which they are based). It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. The Corporation will also consider any other matters relevant to its financial duties and make decisions accordingly. The Corporation will ensure that it has adequate information to enable it to discharge its financial responsibilities.

5.2 **Audit Committee**

Colleges are required by their financial memorandum with the DFE and by the DFE's Audit code of practice to appoint an Audit Committee. The Committee is independent, advisory and reports to the Corporation. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and financial statements 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 B. The Audit requirements of the College are set out in the DEF's Audit Code of Practice.

5.3 **Search, Governance and Remuneration Committee**

Consideration of the Principal and Chief Executive's, other senior post holder's and the clerk's pay and conditions is the responsibility of the Remuneration Committee. It has the power to make recommendations to the Corporation on their remuneration, including pay and other benefits, as well as contractual arrangements.

5.4 **Finance & Resources Committee (FRC)**

The Corporation has delegated the following to the FRC (Recommendations of the Nolan Committee, are to be strictly applied):

- a. Financial Management and Financial Statements:
 - review and monitor and (if appropriate) recommend the annual budget and financial plan as required by Funding Agencies;
 - consider and (if appropriate) recommend the tuition and other fees policies;
 - consider and review the financial performance including consideration and recommendation (at each Committee meeting) of the management accounts;
 - consider and (if appropriate) recommend the Annual Financial Statement (AFS) with particular reference to the External Audit Management Letter;
 - consider, scrutinise and (if appropriate) recommend major projects as detailed in the Financial Regulations;
 - monitor and report on implementation of major projects; and
 - monitor student recruitment and consequent financial impact.
- b. Financial Regulations, Banking and Treasury Arrangements and Legal Advice:
 - scrutinise and (if appropriate) recommend the Financial Regulations;
 - scrutinise and oversee the banking arrangements including borrowing associated matters;
 - monitor the legal issues of operations and obtain appropriate legal advice when necessary; and
 - ensure collaborative arrangements comply with the DFE and GLA requirements; and
 - financially related risk management matters.
- c. Property Strategy, Estates and Sustainability:
 - ensure the appropriateness of the Property Strategy;

- ensure the establishment and implementation of effective strategies for use, repair, maintenance, upkeep and improvement of the estate; and
 - monitor and review of an effective sustainability posture.
- d. Commercial Ventures: review and (if appropriate) recommend the annual accounts for acceptance by the Board.
- e. Information and Communications Technology (ICT): scrutinise, monitor, review and (if appropriate) recommend the ICT Strategy.

6 Other Senior Managers with Financial Responsibility

6.1 The Director of Finance

Day-to-day financial administration is controlled by the Director of Finance, who is responsible to the Chief Finance Officer 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 appropriate financial systems
- providing professional advice on all matters relating to financial policies and procedures
- day-to-day liaison with internal and financial statements auditors in order to achieve efficient processes.

6.2 Members of the College Senior Leadership Team and members of the Senior Management Team

Members of the College Senior Leadership team are responsible to the Principal and Chief Executive for financial management for their areas or activities they control. They are advised by the Director of Finance in executing their financial duties. The Director of Finance will also supervise and approve the financial systems operating within the Curriculum and Business Support areas, including the form in which accounts and financial records are kept. Members of the Senior Management Team are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where day to day responsibility for the management of a non-pay budget and the purchase or sourcing of goods and services has been delegated to other staff within the Curriculum and Business Support areas, they are accountable to their delegating manager for that expenditure and the monitoring and control of the delegated budget funds.

Members of the Senior Management Team shall provide the Director of Finance with such information as may be required to enable:

- compilation of the College's financial statements
- implementation of financial planning

- implementation of Audit and financial reviews, projects and value for money studies.

6.3 All members of staff

All members of staff shall be aware and have a general responsibility for the security of the College's property, for avoiding loss and for obtaining value for money in the use of resources.

They shall ensure that they are aware of the College's financial authority limits (see 18.2) and the values of purchases for which quotations and tenders are required (see 18.4).

They shall make available any relevant records or information to the Director of Finance or his or her authorised representative in connection with the implementation of the College's financial policies, these financial regulations and the system of financial control.

They shall provide the Director 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 Corporation.

They shall immediately notify the Director of Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the College. The Director 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 business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable/unacceptable by the College is set out in a separate risk management strategy.

7.2 The Corporation has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the College through the development, implementation and embedding, within the organisation of a formal, structured risk management process. The Audit Committee monitors and oversees the risk management process.

7.3 In line with this policy, the Corporation requires that the risk management strategy and supporting procedures include:

- the adoption of common terminology in relation to the definition of risk and risk management
- the establishment of College-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis
- a decision on the level of risk to be accepted, together with tolerance levels

expressed in terms of measurable outcomes (see above)

- a decision on the level of risk to be covered by insurance (see 22.1)
- detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas
- development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question
- regular reporting to the Corporation of all risks above established tolerance levels
- an annual review of the implementation of risk management arrangements

The strategy and procedures must be capable of independent verification.

- 7.4 Members of the College Senior Leadership Team must ensure that any agreements negotiated within their areas with external bodies cover any legal liabilities to which the College may be exposed. Advice shall be sought from the Director of Finance to ensure that this is the case.

8 Whistleblowing

- 8.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about alleged malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 8.2 Normally, any concern about a workplace matter at the College shall be raised with the relevant member of staff's immediate line manager or SMT Manager. 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 one of the staff designated for this purpose, for example the Executive Director People and Culture. If the member of staff does not wish to raise the matter with this person, or with the Principal and Chief Executive or the Chair of the Corporation, it may be raised with the Chair of the Audit Committee.
- 8.4 The full procedure for whistleblowing is set out in the College's whistleblowing policy, which is available through the Human Resources department and via the College's intranet. Further details of the Public Interest Disclosure Act are set out at Appendix D.

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 and members of the Corporation are expected to observe. These principles are set out at Appendix E. In addition, the College expects that staff at all levels will observe its code of conduct, contained in its detailed financial procedures, which covers:

- probity and propriety
- selflessness, objectivity and honesty
- relationships.

9.2 Additionally, members of the Corporation, senior management or those involved in procurement are required to disclose interests in the College's register of interests maintained by the College Clerk to the Corporation. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.

9.3 In particular, no person shall be a signatory to a College contract where he or she also has an interest in the activities of the other party.

9.4 **Receiving gifts or hospitality**

It is an offence under the Prevention of Corruption Act 1906 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. This is supplemented by the Bribery Act 2010, which places a responsibility on the College to have adequate procedures in place to prevent bribery and corruption and introduces new criminal penalties for both employees and the College. The Bribery Act creates four criminal offences:

- bribing another person
- being bribed
- bribing foreign public officials
- failing to prevent bribery

The guiding principles to be followed by all members of staff must be:

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

Thus, members of staff shall not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted shall not be significantly greater than the College would be likely to provide in return.

The receipt of gifts and hospitality would not be deemed criminal if provided simply to improve a relationship and/or network to improve the College's image or establish relations. In general, all staff should be wary of accepting any gift or hospitality from another organisation with whom the College does not have an existing business relationship but may do so in the near future.

The College's detailed policy on receiving gifts or hospitality can be found on the College's SharePoint site. For the protection of those involved, the Principal and Chief Executive's Office will maintain a register of gifts and hospitality. Members of staff in receipt of such gifts or hospitality are obliged to notify the Principal and Chief Executive's Office promptly. The College Secretary and Clerk to the Corporation will maintain a separate register in respect of Corporation members.

C FINANCIAL MANAGEMENT AND CONTROL

10 Financial Planning

10.1 The Director of Finance is responsible for preparing annually a rolling three-year financial plan for submission to the DFE. The Corporation is responsible for approving the underlying financial planning assumptions and financial objectives in accordance with the requirements of the DFE.

10.2 Budget objectives

The Corporation will set budget objectives for the College. These help the Director of Finance in preparing his or her more detailed financial plans for the College and will reflect the strategic objectives for the College.

10.3 Resource allocation

Resources are allocated annually by the Corporation, on the recommendation of the Principal and Chief Executive, on the basis of need and alignment to the College's strategic objectives. Members of the Senior Management Team are responsible for the economic, effective and efficient use of resources allocated to them. Where a budget has been delegated to a member of staff, that member of staff is accountable to their Senior Management Team member for the economic, effective and efficient use of resources.

10.4 Budget preparation

The Director of Finance is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Corporation. The budget will be supported by a cash flow forecast for the year and an impact assessment on net current assets (i.e. solvency). The Director of Finance must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to members of the Senior Management Team as soon as possible following their approval by the Corporation.

The Principal and Chief Executive, as advised by the Director of Finance, is responsible for submitting any budget reforecast, that materially reduces the original budgeted surplus, to the Corporation for approval.

10.5 Capital expenditure

Capital expenditure includes all expenditure on land, buildings, equipment, furniture, vehicles and associated costs (including professional fees and interest), whether or not funded from capital grants, that is accounted for as a fixed asset in the College's financial statements. Expenditure of this type can only be considered as part of the College's capital expenditure framework approved by the Corporation.

The Director of Finance will establish protocols for the inclusion of capital projects in the capital framework for approval by the Corporation. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. They are summarised at Appendix F and are shown in more detail in financial procedures.

The Director of Finance will also establish procedures for the approval of variations, including the notification of large variations to the DFE, where this applies, as laid down in DFE guidelines. The Director of Finance will be responsible for reporting to the Corporation any variations in excess of the total amounts approved by the Corporation.

10.6 Overseas activity

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

10.7 Other major developments

Any new aspect of business (curriculum or commercial), or proposed establishment of a company or joint venture, which will require an investment in buildings and equipment shall be presented for approval to the Corporation.

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

11 Financial Control

11.1 Budgetary control

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively. Budget holders are responsible, either directly to or through their SMT member to their Senior Leadership Team member for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to their Senior Leadership Team by the Senior Management Team member concerned and, if necessary, corrective action taken. Staff who are budget holders but not members of the SMT must ensure that significant departures, whether actual or forecast must be reported immediately to their SMT member.

11.2 Financial information

Budget holders are assisted in their duties by management information provided by the Director of Finance. Budget holders are able to access management information in respect of the cost centres for which they are responsible via the finance system web portal. All budget holders are expected to access the finance portal on a regular basis to enable day-to-day budget monitoring to be undertaken. Items incorrectly charged to a cost centre should be notified to Finance immediately in the form prescribed in the detailed financial procedures. Additional management information will be provided on request to the Director of Finance.

The Director of Finance is responsible for supplying timely budgetary reports on all aspects of the College's finances to the Corporation on a basis determined by the Corporation but subject to any specific requirements of the DFE.

11.3 Changes to the approved budget

Once the budget has been approved by the Corporation, it will not be changed. The Principal and Chief Executive is responsible for providing the Corporation with regular reforecasts of income and expenditure, including action to be taken to address income shortfalls and unexpected costs, and is expected to deliver the budget for the year. In exceptional circumstances, where savings cannot be made to compensate for the effects of income shortfalls or unexpected costs, the reforecast result for the year will be subject to Corporation approval.

11.4 Virement

The College does not allow the virement of budgets between budget holders or between pay and non-pay expenditure. Budget holders are required to operate within the budgets allocated for the individual cost centres for which they are responsible.

As part of the monthly monitoring of income and expenditure, budget holders are required to advise their Senior Leadership Team member, through their SMT member where appropriate, of any forecast shortfalls in income or expenditure overspends. The Senior Leadership Team will consider what action shall be taken and the relevant Senior Leadership Team member will be responsible for notifying the budget holder of the extent to which they may overspend their original budget allocation. This may include compensating reductions in the amount to be spent from other cost centres under their control. All changes will be reflected in the reforecast column in the monthly management accounts.

11.5 Treatment of year-end balances

At the year end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year unless the Principal and Chief Executive has approved a specific scheme for carrying forward all or part of unspent amounts. Specific Curriculum Area materials charges balances may be carried forward with the approval of the Principal and Chief Executive.

12 Accounting Arrangements

12.1 Financial year

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

12.2 Basis of accounting

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

12.3 Format of the financial statements

The financial statements are prepared in accordance with the Statement of Recommended Practice *Accounting for Further and Higher Education*, subject to any specific requirements of the DFE.

12.4 Capitalisation and depreciation

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

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

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £1,000 or more. Grouped items (e.g. a bulk purchase of furniture) with a group value of £1,000 or more will be capitalised. Capitalised assets other than land and buildings will be depreciated over their useful economic life, commencing in the year of acquisition, as follows:

- computer equipment (hardware and software)	3-4 years
- curriculum equipment	3-5 years
- other equipment	4-5 years
- furniture, fixtures and fittings	7 years
- plant and machinery	5 years
- motor and agricultural vehicles	7 years

12.5 Accounting records

The Director of Finance is responsible for the retention of financial documents. These shall be kept in a form that is acceptable to the relevant authorities.

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

- official purchase orders
- paid invoices
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- payroll records, including part-time lecturers' contracts.

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

Members of staff shall ensure that retention arrangements comply with any specific requirements of funding organisations.

Additionally, for Auditing and other purposes, other financial documents shall be retained for three years or as determined by the funder.

12.6 Public access

Under the terms of the Charities Act 2011, the Corporation is required to supply any person with a copy of the College's most recent financial statements within two months of a request. The College will publish its financial statements on the College's website by the 31st of December each year.

12.7 Taxation

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

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

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.

The Director of Finance is responsible for drawing up a timetable for final accounts purposes and will advise staff and the financial statements auditors accordingly.

13.2 Financial Statements Audit

The appointment of financial statements auditors for the financial statements of the College will take place annually and is the responsibility of the Corporation. The Corporation will be advised by the Audit Committee.

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

13.3 Internal audit

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

The College's financial memorandum with the DFE requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the DFE's Audit code of practice. The main responsibility of internal audit is to provide the Corporation, the Principal and Chief Executive and senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the Corporation, Principal and Chief Executive and Chair of the Audit Committee. The formal responsibilities of internal audit are detailed at Appendix H. The internal auditor will also comply with the Auditing Practices Board's Auditing guideline *Guidance for Internal Auditors*.

13.4 Fraud and corruption

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

The Director of Finance shall immediately invoke the fraud response plan, which incorporates the following key elements (the Counter Fraud Strategy Policy can be found on the Colleges Sharepoint site):

- he or she will notify the Principal and Chief Executive 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 and Chief Executive shall inform the police if a criminal offence is suspected of having been committed
- any significant cases of fraud or irregularity shall be reported to the Education Skills Funding Agency in accordance with their requirements as set out in the Audit code of practice
- 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 Director of Finance and/or the Principal and Chief Executive, the member of staff shall notify the chair of the Audit Committee direct of their concerns regarding irregularities.

13.5 Value for money

It is a requirement of the financial memorandum that the Corporation of the College is responsible for securing value for money from public funds. It shall 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 DFE, the National Audit Office, the Public Accounts Committee or other relevant bodies.

Internal audit is to have regard to ensuring the economical, effective and efficient use of resources in its programme of work. This will be used to enable the Audit Committee to refer to securing value for money in its annual report. (DFE's Audit Code of Practice – Annex B).

13.6 Other Auditors

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

14 Treasury Management

14.1 Treasury management policy

The Corporation is responsible for approving a treasury management policy statement (based on CIPFA's *Treasury Management in the Public Services: Code of Practice* together with cross-sectoral guidance and sector-specific guidance) setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with DFE rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Corporation has a responsibility to ensure implementation, monitoring and review of such policies.

All decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Principal and Chief Executive and the Director of Finance and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the College and shall conform to any relevant DFE requirements.

The Director of Finance will report to the Corporation via the Finance & Resources Committee, each quarter, as part of the financial report, on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

14.2 Appointment of bankers and other professional advisers

The Corporation is responsible for the appointment of the College's bankers and other professional financial advisers (such as investment managers). Where appropriate, the appointment shall be for a specified period after which consideration shall be given by the Corporation to competitively tendering the service.

14.3 Banking arrangements

The Director of Finance is responsible, on behalf of the Corporation, 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 Director of Finance, who shall make proper arrangements for their safe custody.

Only the Principal and Chief Executive and Director of Finance may open or close a bank account for dealing with the College's funds. All bank accounts shall be in the name of the College or a subsidiary company.

All cheques drawn on behalf of the College must be signed in the form approved by the Corporation as set out in the bank mandate. Automated cheques generated from the college's finance system require one pre-printed signature. Manual cheques up to an agreed amount, specified in the College's detailed financial procedures, shall require one signature. Manual cheques over the agreed amount 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 must be authorised in the appropriate manner and on the basis approved by the Corporation in the bank mandate. Details of authorised persons and limits shall be provided for in the College's detailed financial procedures.

The Director 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 Director 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 Director of Finance.

Levels of charges for services rendered, goods supplied and rents and lettings are determined by procedures approved by the Principal and Chief Executive.

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

The Director of Finance is responsible for ensuring that all grants notified by the DFE and other bodies are received and appropriately recorded in the College's accounts.

The relevant budget holder is responsible for ensuring that any claims for funds, raising of sales invoices, 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 Director of Finance of sums due so that collection can be initiated.

15.3 Receipt of cash, cheques and other negotiable instruments

All monies received within Curriculum and Quality & Resource areas must be recorded by the relevant department and recorded on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments. Any credit card payments eg for student fees to be processed by the Finance team. Staff must not retain any monies collected from students for College related activities e.g. trips.

All monies received must be paid to the cashier promptly, and in accordance with a timetable prescribed by the Director of Finance and set out in financial procedures. The custody and transit of all monies received must comply with the requirements of the College's insurers.

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

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

Internet receipts: any member of staff wishing to arrange for payment to be made to the College by the internet shall seek guidance from the Director of Finance at an early stage.

15.4 Collection of debts

The Director of Finance shall ensure that:

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

The College's standard payment terms are 28 days from the date of invoice. Any variations to the standard payment terms must be submitted to the Corporation for approval.

The Principal and Chief Executive is authorised to write off any debt on the sales ledger where a provision has previously been made as part of the year end Audit process. Any debt proposed for write off that exceeds £10,000 must be reported to the Corporation.

15.5 Student fees

The procedures for collecting tuition and residence fees must be approved by the Director of Finance. The Director 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 may be prevented from sitting their end of course examinations or having their work assessed. 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.

The Principal and Chief Executive is authorised to write off any outstanding debt on the student records system.

16 Other Income-Generating Activity

16.1 Private consultancies and other paid work

Unless otherwise stated in a member of staff's contract:

- outside consultancies or other paid work may not be accepted without the consent of the relevant Senior Leadership Team member (and in the case of a Senior Leadership Team member, the Principal and Chief Executive)
- applications for permission to undertake work as a purely private activity must be submitted to the relevant Senior Leadership Team member or Principal and Chief Executive, as appropriate, and include the following information:
 - the name of the member(s) of staff concerned
 - the title of the project and a brief description of the work involved
 - the proposed start date and duration of the work
 - full details of any College resources required (for the calculation of the full economic cost)
 - an undertaking that the work will not interfere with the teaching and normal College duties of the member(s) of staff concerned.

16.2 Short courses and services rendered

In this context a short course is any course which does not form part of the planned activity of the area. i.e. the course is not included in the full time or part time guides or is not part of an existing contractual arrangement.

Any staff wishing to run a short course must have the permission of their Director of Faculty and complete an appropriate course proposal form as set out in the detailed financial procedures. All such courses are required to make a contribution to College overheads, except with the explicit approval of a member of the Senior Leadership Team (see 16.6). The course organiser will be responsible to the Executive Director of People and Culture for day-to-day management of the course.

The term 'services rendered' includes testing and analysis of materials, components, processes and other laboratory services or the use of existing facilities in order to gain additional information.

16.3 **Franchising and Partnerships**

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

The Corporate contract template shall be used for all arrangements with partner organisations and approved by the Director of Finance.

There shall be a contract signed by the Principal and Chief Executive or Director of Finance and on behalf of any partner organisation that shall comply at least with the DFE's model contract (as amended from time to time) in place before any provision is made.

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

16.4 **European Union (EU) and other matched funding**

Any such project requires the approval of the Principal and Chief Executive prior to any commitment being entered into. Such approval shall be dependent upon the relevant SMT Manager being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the College's costing and pricing policy.

Individual applications for funds in excess of £350,000 (equivalent to approximately 1% of the College's annual income) shall be the subject of a report by the Principal and Chief Executive to the Corporation, which will set out, amongst other things, the potential risks generated by the project. The report must be presented before formal acceptance of a successful bid.

If the College sub-contracts such work to external providers, the relevant SMT Manager shall ensure that:

this is on the basis of a written contract which allows for full Audit access to detailed records

appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality

payments are only made against detailed invoices.

16.5 Other Funded Projects

Any such project requires the approval of the Principal and Chief Executive prior to any bid being submitted and, shall the bid be successful, the relevant documentation must be signed by the Principal and Chief Executive on behalf of the College.

All such projects must have a SMT Manager as the designated person responsible. That manager is responsible for ensuring the funding is in place before any expenditure is incurred and is also responsible for contacting the Director of Finance to arrange for a project cost centre to be set up on the finance system (Appendix C).

16.6 Profitability and recovery of overheads

All other income-generating activities must be self-financing or surplus-generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the Principal and Chief Executive.

Other income-generating activities organised by members of staff must be costed and agreed with the Director of Finance before any commitments are made. Provision must be made for charging both direct and indirect costs in accordance with the College's costing and pricing policy, in particular for the recovery of overheads.

16.7 Additional contributions to departments

Distribution of profits on other income-generating activity between central funds of the College and individual curriculum and service areas will be in accordance with the policy approved by the Principal and Chief Executive.

16.8 Additional payments to staff

Any proposal that involves additional payments to members of staff shall be supported by a schedule of names and values and must be approved by the relevant Senior Leadership Team member, and in the case of a Senior Leadership Team member, the Principal and Chief Executive.

17 Intellectual Property Rights and Patents

17.1 General

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

17.2 Patents

The Corporation is responsible for establishing procedures to deal with any patents accruing to the College from inventions and discoveries made by staff in the course of their research.

17.3 Intellectual property rights

In the event of the College deciding to become involved in the commercial exploitation of inventions and research, the matter shall then proceed in accordance with the intellectual property procedures issued by the College and contained in the College's detailed financial procedures.

18 Expenditure

18.1 General

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

18.2 Scheme of delegation/financial authorities

The budget holder is responsible for purchases within their area.

Budget holders are not authorised to commit the College to expenditure without first ensuring that there are sufficient funds to meet the purchase cost.

Operating expenditure

The limits for authorisation of expenditure are:

<i>Designated Managers</i>	-	<i>Up to £100</i>
<i>Designated budget holders (SMT)</i>	-	<i>Up to £1,000</i>
<i>Senior Leadership Team members</i>	-	<i>Up to £50,000</i>

The Principal and Chief Executive must authorise all operating expenditure commitments in excess of £50,000. Where the Principal and Chief Executive expects to be absent from College for any period of time, he/she will notify the Chief Finance Officer and Director of Finance of the appointed member of the Senior Leadership Team responsible for countersigning orders and, where appropriate, authorising purchase invoices for payment.

If the relevant Budget Holder is not available to authorise an order, then it can be authorised by a member of the Senior Management Team, preferably the Budget Holder's line manager.

The Principal and CEO will be responsible for authorising all expenditure over £100,000 that is within the agreed budget. However, for any event that occurs outside of the budget assumptions which has more than a £100k impact on the College's finances, the Principal and CEO would refer this prior to authorisation to the next meeting of the Finance & Resources Committee. In the event that such a meeting was not imminent and the decision to make payment was required urgently, then the Principal and CEO would refer directly to the chair of F&RC and there would need to be "explicit approval of the Chair" before proceeding (The Chair would of course seek agreement from the FRC members where possible).

Capital expenditure

The limits for authorisation of capital expenditure are

<i>Designated budget holders</i>	-	<i>£0</i>
<i>Chief Finance Officer (on behalf of SLT/Principal and CEO)</i>	-	<i>Unlimited</i>

The process for the approval of purchase order requisitions and purchase invoices is undertaken electronically through the college's finance web portal. Staff are notified by e-mail when a document on the web portal requires their approval. Accordingly, under no circumstances must any member of staff divulge their web portal password to another member of staff. Any member of staff found to have divulged their password would be subject to disciplinary action.

18.3 Procurement

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

Staff must comply with any purchasing arrangements set up by the Director of Finance. This could include the use of purchasing consortia either through online access or through e-procurement.

Staff must comply with the financial procedures in respect of the use of new suppliers. Purchase order requisitions cannot be raised in respect of a new supplier until the supplier has been set up on the finance system.

18.4 Purchase orders

It is the responsibility of all staff within the College to ensure that purchase orders are both raised and appropriately authorised prior to asking suppliers to provide the required goods/services that they may need.

With the exception of the following items:

- *VAT payments*
- *Expense claims*
- *Supplier invoice below £40 inc VAT*
- *Items bought by the card holder using their own College credit cards held in their name*
- *Student payments e.g. bursary*
- *Emergency Call Outs agreed by SMT or above*

Any other one-off exceptions need to be approved by the Chief Financial Officer or Director of Finance.

Purchase orders are required for the following, and we would recommend that a blanket call off order for the entire financial year is raised using the annual estimated/agreed budget

- *Utilities (Gas/Electricity/Telephones/Water/Oil/Mobiles/Telecoms) & Council Tax – purchase order raised for full-year using budget)*

Under no circumstances must multiple orders be raised for one single order, e.g. a member of staff requiring an item for £7.5k and entering onto the system one order for £5k and another order for £2.5k. Purchase orders should be raised for a maximum of 12 months only, irrespective of contractual length.

The following minimum thresholds must be met for all expenditure before a purchase order requisition is raised. The responsibility for obtaining the necessary quotes and retaining the evidence there of lies with the relevant Budget Holder manager.

- | | |
|-------------------|--|
| < £1,000 | - at least 1 verbal or written quote |
| £1,001 to £5,000 | - at least 2 written quotes |
| £5,001 to £50,000 | - at least 3 written quotes |
| over £50,000 | - competitive tenders as outlined in financial procedures. |

(Please note all values are inclusive of VAT).

Orders requiring quotes over the value of £1,000 including VAT

If the value of the order is in excess of £1,000 including VAT and quotes are difficult to obtain, then a suitable Waiver Form may be obtained by written approval from either the Principal & CEO, Chief Finance Officer or Director of Finance (see Appendix M for a Tender Waiver Form and Appendix N for a Quote Waiver Form).

A written quote can be a price from a catalogue or from the internet. The onus is on the budget holder to check/ascertain the price of the goods/service being ordered at the time the order is placed and to be able to demonstrate that value for money is being obtained.

The Director of Finance will maintain a record of pre-approved suppliers/supplies where a quotation is not required to be obtained prior to placing an order. Further information on pre-approved suppliers/supplies is contained within the detailed financial procedures.

Where, in exceptional circumstances, the above requirements cannot be complied with e.g. limited/sole supplier of a particular good/service, emergency repairs, an appropriate authorisation to place the order shall be obtained in accordance with the authorisation levels set out in Section 18.2, as set out in the detailed financial procedures.

All purchase order requisitions must be raised electronically using the college's finance web portal. Once all the appropriate electronic approvals have been given, a College purchase order will be automatically generated from the finance system and sent to the supplier. In exceptional circumstances, urgent orders may be given orally, but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day. Purchase orders are not required for items purchased using Government Purchasing Cards or items that are to be re-imbursed through expense claims.

Tenders and quotations

Subject to special rules imposed by funding bodies, the College's tendering procedures, contained in the College's financial procedures, are applicable to procurement of services and goods in excess of £50,000 and must be complied with in all instances.

Where the College uses framework agreements as the means of obtaining tenders, the terms and conditions of that framework must be complied with so not to invalidate the framework. The provisions of the Bribery Act 2010 apply in respect of all formal tenders. It is imperative that College tendering procedures are complied with and any contact with potential tenderers prior to the contract being awarded should reflect the guiding principles of the Bribery Act 2010.

The main points covered by this code are described at Appendix I.

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 can be entered into, provided:

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

In each case, a statement of justification shall be approved by the Principal and Chief Executive 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 with a contract value exceeding £100,000 shall be reported to the Corporation.

Within a large development programme, individual tenders can be approved by the Principal and Chief Executive, as long as they are within 5% of the cost plan and do not adversely impact the overall total project cost. If the tenders exceed the cost plan by more than 5% then approval is needed from the Corporation.

The guiding principles of the Bribery Act 2010 are applicable to post tender negotiations. Guidance, if required, should be obtained from the Director of Finance before any post-tender negotiations take place.

18.5 Partnership arrangements

Where the College proposes to enter into an agreement with a third party to deliver funded teaching and learning activity, the normal purchasing procedures must be followed.

In addition, where the value of the activity is planned to exceed £50,000 and it is not feasible due to the nature of the activity to undertake a formal tendering procedure then the requirements are as follows:

- The issues set out in Appendix K, addressing strategic fit, activity, cost, value for money and risk etc. must be considered and documented before any contract is signed or purchase order placed, and must be updated on an annual basis.
- Any variation to the original contract that results in an increase in the value of the contract must be subject to a further purchase order, authorised on the basis of the total revised contract value in accordance with the authorisation limits set out in section 18.4 above.
- The manager responsible for negotiating a contract cannot be the final authoriser of the contract. e.g. any contract negotiated by the Principal and Chief Executive would require Corporation approval.

An annual report will be submitted to the Corporation detailing partnership activity in the previous financial year, to include:

- Funding generated
- Payments made to the partner
- Assessments of the benefits and risks of the partnership to the College

Contracts

Capital

Building contracts are the responsibility of the Corporation and are administered by a Senior Leadership Team member or the Director of Finance.

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

Proposals for major capital projects shall be presented to the Corporation in the form of costings or investment appraisals. Investment appraisals shall comply with appropriate DFE guidance. Major capital projects are defined as being in excess of £100,000 including all phases.

Following consideration and approval by the Corporation, submissions shall be forwarded to the DFE where appropriate. If the required agreement is secured from the DFE, DFE procedural rules shall be followed. DFE guidance on best practice shall be followed even when DFE approval is not required.

All contracts will attempt to ensure best value for money.

Definition of a contract

Budget Holders can only commit expenditure for goods or services for a period of one year. Any expenditure committed for a period of more than one year will be considered, for the purposes of the Financial Regulations, to be a contract. Similarly, a letting of premises etc. or a contract for the provision of teaching and learning for more than one year will be considered to be a contract. This definition also applies to any application for grant funding to which conditions are attached.

All contracts shall be modelled on the corporate template and be signed by the Principal and Chief Executive or Director of Finance. Individual apprenticeship contracts can be signed by; the Director of Adult & Work Based Training or the Director of Finance.

Goods and Services

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

Signing and Approval of Contracts

All transactions deemed under Regulation 18.7 to constitute a contract must be approved by the Principal and Chief Executive or Chief Finance Officer. All contract documents committing the College in any form can only be signed by the Principal and Chief

Executive or Chief Finance Officer or by another member of the College Senior Leadership Team or Senior Management Team to whom the Principal and Chief Executive has delegated authority, in writing. It will be the responsibility of the relevant member of the Senior Leadership Team or Senior Management Team to advise the Principal and Chief Executive of the financial implications, risk and any other significant implications of the contract.

A copy of all contracts shall be lodged with the Principal and Chief Executive's PA and Office Manager.

Contracts with a commitment value in excess of £100,000 shall be approved by the Corporation.

18.6 **PPN 08/20**

The Director of Finance is responsible for ensuring that the College complies with its legal obligations concerning procurement legislation. Post Brexit Procurement Policy notice 08/20 replaces EU OJEU requirements. This requires notices for new procurements to be published on the UK e-notification service "Find a tender" (FTS). Regulations apply to written contracts for all forms of procurement or hire (whether or not hire purchase) with a total value exceeding a threshold value. The Director of Finance will advise SMT Managers, on request, of the thresholds that are currently in operation.

It is the responsibility of the SMT Managers to ensure that their members of staff comply with regulations by notifying the Director of Finance of any purchases likely to exceed the thresholds noted above.

18.7 **Payment of invoices**

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

The Director of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS or computer cheques produced weekly. In exceptional circumstances, the Director of Finance will authorise cheques to be issued manually for urgent payments.

The College's official purchase order shows the address for sending invoices as the Central Finance Office. Under no circumstances should budget holders make alternative arrangements with suppliers.

Payments will only be made by the Director of Finance against invoices, which have been certified for payment.

All certification of invoices will be undertaken electronically. The invoice will be sent initially to the member of staff shown on the purchase order to whom the goods and/or service should be delivered. That individual will be required to confirm receipt of the goods/service.

Members of staff confirming receipt of the goods/services will ensure that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- The quantity/volume shown on the invoice agrees to the amount(s) received
- where appropriate, an entry has been made on a stores record or departmental inventory

Confirmation of the receipt of the goods/service must be undertaken promptly. This is to ensure that discounts receivable are obtained and that the College pays the supplier within its payment terms of 28 days from receipt of invoice.

Budget holders must not agree to different payment terms without first consulting the Director of Finance.

Purchase invoices that match the purchase order or vary from the order value within parameters set by the Principal and Chief Executive in conjunction with the Director of Finance will require no further authorisation before payment is made by the Finance Department.

Purchase invoices that do not match will be forwarded to the budget holder for approval.

Where the invoice value is greater than the authorisation level relating to the relevant manager/budget holder authorising the purchase order it will automatically be forwarded to the next level of authoriser.

Where invoices are received without a purchase order having been set up on the system, the invoice will be sent to the budget holder to whom it appears to relate. The budget holder will be responsible for authorising the invoice for payment, notifying finance of the cost centre and account code to which the invoice relates and for providing an explanation why no purchase order had been raised. The controls in the finance system will automatically send the invoice to higher level authorisers depending on its value.

In certifying the invoice for payment, the budget holder must ensure:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- the price charged is appropriate
- the college has not been invoiced for goods or services that it does not require e.g. books sent for approval, provision of services it does not want or need
- the invoice has not previously been passed for payment
- an appropriate account code is quoted. This must correspond with the type of goods or service described on the invoice. A current listing of account codes is included in the detailed financial procedures
- an appropriate cost centre is quoted. This must be one of the cost centre codes included in the budget holder's areas of responsibility

18.8 College credit cards and account cards

The Principal and Chief Executive or the Director of Finance shall be responsible for approving any proposal for a staff member to be issued with a College credit card/Government Procurement Card (GPC) or account card. The Principal and Chief

Executive or Director of Finance shall approve the credit limit and single transaction limit for all cards issued.

In determining whether a credit card/GPC card or account card shall be issued, the Principal and Chief Executive or Director of Finance shall have regard to:

- The anticipated annual level of spend
- The nature of the proposed expenditure
- Any anticipated cost and time savings through use of the credit card

The Human Resources department is responsible for ensuring that credit cards and account cards are returned when an individual leaves the College's employment.

The line manager of a credit card/ GPC or account card holder will be responsible for confirming that all items of expenditure were necessarily incurred on College business, that the level of expenditure was reasonable and that it represented good value for money.

College credit cards/GPC card or account cards may not be used for personal expenditure.

The credit card/ GPC or account card holder is responsible for submitting the receipts and back up information to support the spend on the card each month. If the claims are not completed within 3 weeks of the statement then the Director of Finance may temporarily suspend that card; if there are repeated occurrences then the card may be withdrawn.

18.9 Petty cash

The College does not pay expenses or re-imbursements for low value purchases through petty cash. Petty cash floats will be held to support specific curriculum related activities within the LIFE Faculty and for emergency payments to support students. Payments from petty cash floats must be supported by receipts or vouchers where available. The Director of Finance is responsible for approving specific exceptions.

Requisitions for reimbursement must be processed via Webexenses, together with appropriate receipts or vouchers.

The member of staff granted a float is personally responsible for its safekeeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the College's insurers when not in use and will be subject to periodic checks by the Director of Finance or another person nominated by him or her.

A petty cash book, in a form approved by the Director of Finance, must be used for recording all petty cash and imprest account receipts and payments.

18.10 Other payments

Learner support fund payments, payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Director of Finance, supported by detailed claims approved by the relevant SMT Manager.

18.11 Late payment rules

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

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

In view of the penalties in this Act, invoices that meet the requirements set out in Section 18.9 above (Payment of invoices) must be passed for payment as soon as they are received and returned immediately to the Finance Department.

18.12 Project advances

The Principal and Chief Executive may approve cash advances for projects carried out away from the College where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or a College credit card.

Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the project to which the advance relates, 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.

18.13 Giving hospitality

Staff entertaining guests from outside bodies at lunch time or evening shall normally use the College's catering facilities where available. Where this is not the case, reasons must be stated when submitting a claim for reimbursement.

18.14 Hospitality, Meals, and Drinks – Approval and Limits

a) General Principles

The College sets the following indicative limits for hospitality, meals, and drinks. These may be reviewed annually by the Audit Committee / Corporation. Any claim above these limits must be pre-approved by the Chair of Corporation (for the Principal and Chief Executive) or the Principal and Chief Executive (for SLT/Head of Business Development). All claims must be reasonable, proportionate, and fully justified.

All expenditure on hospitality, meals, or drinks for business purposes must be reasonable, proportionate, and in line with the College's values and public sector standards.

Claims must be supported by itemised receipts and a clear business justification.

b) Approval Routes and Limits

<i>Role</i>	<i>Maximum per event</i>	<i>Annual limit</i>	<i>Approval required from if over specified limit</i>
<i>Principal & Chief Executive</i>	<i>£500</i>	<i>£2,500</i>	<i>Chair of Corporation</i>
<i>Senior Leadership Team (SLT)</i>	<i>£300</i>	<i>£1,500</i>	<i>Principal & Chief Executive</i>
<i>Head of Business Development</i>	<i>£150</i>	<i>£1,000</i>	<i>SLT member (line manager)</i>
<i>Other staff (with delegated auth)</i>	<i>£50</i>	<i>£300</i>	<i>SLT member (line manager)</i>

Any claim exceeding these limits must be pre-approved by the Chair of Corporation (for Principal and Chief Executive) or Principal and Chief Executive (for SLT/Head of Business Development).

Hospitality claims for business meetings outside the College must include the names of attendees, purpose of meeting, and business outcome.

c) Register and Transparency

All claims for hospitality, meals, or drinks must be recorded in the College's Hospitality Register, maintained by the Principal and Chief Executive's Office.

The register will be reviewed yearly by the Audit Committee in the Autumn Term

d) Exclusions

Personal or private entertainment is not claimable.

Alcoholic drinks are only claimable where justified for business networking and must be appropriate.

19 Pay Expenditure

19.1 Remuneration policy

All College staff will be appointed to the salary scales approved by the People

Committee and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources department.

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

Salaries and other benefits for the Principal and Chief Executive, other senior post holders and the Clerk will be approved by the Corporation on the recommendation of the Search, Governance and Remuneration Committee.

19.2 **Appointment of staff**

All contracts of employment shall be concluded in accordance with the College's approved personnel practices and procedures and all offers of employment with the College shall be made in writing by the Human Resources department. SMT members shall ensure that their Senior Leadership Team member and the Human Resources department are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

19.3 **Salaries and wages**

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

The Human Resources department is responsible for keeping the Director of Finance informed of all matters relating to personnel for payroll purposes. In particular these include:

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

The Human Resources department is responsible for payments to non-employees undertaking regular work for the College and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

The Human Resources department 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. The BACS payroll report must be authorised before release by the Director of Finance or in his/her absence by a member of the Senior Leadership team.

19.4 Superannuation schemes

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

The Human Resources department is responsible for day-to-day superannuation matters, including:

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

The Human Resources department is responsible for administering eligibility to pension arrangements and for informing the external payroll provider when deductions shall begin or cease for staff.

19.5 Travel, subsistence and other allowances

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Director of Finance in accordance with the College's expenses policy.

Claims by members of staff must be authorised by their Budget holding line manager, SMT Manager or Senior Leadership Team member. Claims by members of the Senior Leadership Team must be authorised by the Principal and Chief Executive and claims by the Principal and Chief Executive must be authorised by the Chair of the Corporation. The certification by the relevant signatory shall be taken to mean that:

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

Any trip in excess of 250 miles in total, or involving an overnight stay, shall be subject to the prior approval of a member of the Senior Leadership Team, or approval by the Principal and Chief Executive where the member of staff undertaking the trip is a member of the Senior Leadership Team. Any trip by the Principal and Chief Executive in excess of 400 miles in total and involving an overnight stay exceeding one night shall be approved by the Chair of the Corporation, the Vice Chair or Chair of Remuneration. Such trips shall be properly justified and evaluated against pre-defined business objectives. The minimum number of people necessary shall make the trip to achieve the College's business objectives.

Arrangements for travel and subsistence by members of the Corporation shall be approved by the Chair of the Corporation, the Vice Chair or Chair of Remuneration. Arrangements for travel by the Chair shall be approved by the Corporation.

Detailed guidelines setting out authorised activities, claimable expenses, subsistence etc. in respect of Corporation members are included in the members' handbook.

19.6 Overseas travel

All arrangements for overseas student/staff travel must be approved by the Deputy Principal Curriculum and Quality / Principal and Chief Executive in advance of committing the College to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Principal and Chief Executive or members of the Corporation shall be approved by the Chair of the Corporation, the Vice Chair or Chair of Remuneration. Arrangements for travel by the Chair shall be approved by the Corporation.

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

19.7 Allowances for members of the Corporation

The Corporation does not pay allowances to its members.

19.8 Severance and other non-recurring payments

Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the Corporation. Professional advice shall be obtained where necessary. All payments shall be calculated by the Human Resources department and authorised by the Principal and Chief Executive. Any individual amounts that do not fall within the parameters above require approval by the Corporation. In exceptional circumstances, this approval may be given by the Chair of the Corporation to be reported to the next meeting of the Corporation. Amounts paid shall be declared in the financial statements.

20 Assets

20.1 Land, buildings, fixed plant and machinery

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

20.2 Fixed asset register

The Director of Finance is responsible for maintaining the College's register of land, buildings, fixed plant and machinery and equipment in respect of any expenditure that has been capitalised in accordance with the College's capitalisation policy set out in Section 12.4. Members of the Senior Management Team will provide the Director of Finance with any information he or she may need to maintain the register.

The Director of IT is responsible for maintaining detailed records of the location of all computer equipment.

All plant, machinery and equipment included within fixed assets will be allocated an asset number, which will be recorded in the fixed asset register and on each item of plant, machinery and equipment. The Director of IT will be responsible for marking all

computer equipment and recording the asset number in the computer equipment register. The Director of Finance will be responsible for ensuring all other assets are appropriately marked and asset numbers recorded.

As part of the year end procedures, the Director of Finance will be responsible for ensuring that physical checks of plant, machinery and equipment are carried out.

20.3 Non-capitalised equipment and loose tools

Non-capitalised equipment and loose tools costing below £1,000 will not be capitalised. However, the value and nature of such items makes them desirable and accordingly, procedures need to be in place to ensure the control and safekeeping of such items. Members of the Senior Management Team are responsible for maintaining appropriate records, in a form agreed with the Director of Finance, of all non-capitalised equipment and loose tools within their departments and confirming the controls in place over the physical use, loaning to students and staff and return of equipment and loose tools. The inventory must include items donated or held on trust.

The Director of Finance will provide guidance on the categories of equipment and loose tools that are covered by this requirement. It will cover items where the cost of replacement would place an unacceptable burden on the College's budget.

Stocks must be checked at least annually and, in cases where the equipment is deemed desirable e.g. cameras, on a more regular basis. Full guidance is set out in the College's detailed financial procedures.

Where equipment or loose tools are transferred between departments, a transfer record must be kept and the records amended accordingly.

Members of the Senior Management team will be responsible for confirming the arrangements in place on an annual basis in a form prescribed by the Director of Finance.

20.4 Stocks and stores of consumables

Many departments within the College hold stocks of consumables relevant to the delivery of the curriculum. Members of the Senior Management Team are responsible for establishing adequate arrangements for the custody and control of stocks of consumables within their departments. The arrangements in place for the custody and controls of stocks of consumables for each department must be agreed with the Director of Finance.

Members of the Senior Management Team are responsible for ensuring that regular inspections and stock checks are carried out. Stocks of a hazardous nature shall be subject to appropriate security checks.

As part of the year end procedures, the Director of Finance will be responsible for contacting members of the Senior Management Team and their staff regarding the counting and valuing of stocks of consumables at the year end. The Director of Finance will be responsible for providing guidance on stock-taking procedures in respect of the information to be provided.

On an annual basis, the Director of Finance will be responsible for confirming with members of the Senior Management team, the arrangements in place for their departments in respect of the custody and control of stocks and consumables.

20.5 Safeguarding assets

Members of the Senior Management Team are responsible for the care, custody and security of the buildings, plant, machinery, equipment, loose tools, stocks of consumables furniture, cash, etc under their control. They will consult the Director of Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

20.6 Personal use

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

20.7 Asset disposal

Disposal of equipment and furniture must be in accordance with procedures agreed by the Principal and Chief Executive and contained in the College's detailed financial procedures.

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

20.8 All other assets

Members of the Senior Management Team are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the College, whether tangible (such as stock – see above) or intangible (such as intellectual property – see section 17), including electronic data.

21 Funds Held on Trust

21.1 Gifts, benefactions and donations

The Director 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.

21.2 Learner Support Funds

The Director of Finance will prescribe the format for recording the use of learner support funds.

Records of learner support funds will be maintained according to DFE requirements.

21.3 Trust funds

The Director of Finance is responsible for maintaining a record of the requirements for each trust fund and for advising the Corporation on the control and investment of fund balances.

The Principal and Chief Executive is responsible for ensuring that all the College's trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

21.4 Voluntary funds

The Director of Finance shall be informed of any fund that is not an official fund of the College, which is controlled wholly or in part by a member of staff in relation to their function in the College.

The accounts of any such fund shall be audited by an independent external person and shall be submitted with a certificate of Audit to the appropriate body. The Director of Finance shall be entitled to verify that this has been done.

22 Other

22.1 Insurance

The Corporation is responsible for safeguarding the assets of the College (see paragraph 3.1). The Principal and Chief Executive is responsible for maintaining appropriate cover to protect and safeguard the College's assets and the provision of advice on the types of cover available. As part of the overall risk management strategy (see sections 7.1 to 7.4), 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 Corporation on an annual basis.

The Director of Finance is responsible for obtaining quotes and arranging cover. The Director of Finance or his/her designated officer is responsible for negotiating claims and maintaining the necessary records. The Director of Finance or his/her designated officer will keep a register of all insurances affected by the College and the property and risks covered. He or she will also deal with the College's insurers and advisers about specific insurance problems.

Members of the Senior Management Team must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The Director of Finance's advice shall be sought to ensure that this is the case. Members of the Senior Management Team must give prompt notification to the Director of Finance of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks.

Members of the Senior Management Team must advise the Director of Finance's designated officer immediately of any event that may give rise to an insurance claim. The Director of Finance's designated officer will notify the College's insurers and, if appropriate, prepare a claim in conjunction with the relevant member(s) of staff for transmission to the insurers.

The Director of Finance 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.

22.2 Companies and joint ventures

In certain circumstances, it may be advantageous to the College to establish a company or a joint venture to undertake services on behalf of the College. Any member of staff considering the use of a company or a joint venture shall first seek the advice of the Director of Finance, who shall have due regard to guidance issued by the DFE.

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

The directors of companies where the College is the majority shareholder must submit an annual report to the Corporation. Where the College's potential risk exceeds £10,000, they will also submit business plans or budgets as requested to enable the Corporation to assess the risk to the College. Where appropriate, the Director of Finance will ensure that an entry is made in the College's risk register. The College's internal and financial statements auditors shall also be appointed to such companies.

Where the College is the majority shareholder in a company, the DFE requires that the company's financial year must be co-terminant with that of the College.

22.3 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 Director of Finance immediately.

The Director of IT is responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the GDPR (General Data Protection Regulations). The Director of Governance as the nominated Data Protection Officer is responsible for ensuring compliance with the Act and the safety of documents.

The Principal and Chief Executive 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 Principal and Chief Executive's PA and Office Manager. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

22.4 Use of the College's seal

Where a deed or document requires the College's seal, it must be sealed in the presence of a Corporation member.

The Director of Governance is responsible for making available at each ordinary meeting of the Corporation the College's seal register detailing the use of the seal since the last meeting.

22.5 **Provision of indemnities**

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

23 **Appendices**

Appendix A	Committee Structure
Appendix B	Audit Committee Terms of Reference
Appendix C	Key Contacts in the Finance Department
Appendix D	Main Features of the Public Interest Disclosure Act 1998
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
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Appendix H	Internal Audit Responsibilities
Appendix I	Main Points included in the College's Code of Tendering Practice
Appendix J	The Bribery Act – Guiding Principles
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APPENDIX A: COMMITTEE STRUCTURE

The Corporation has established six Committees:

- Audit Committee (as required under the Articles of Government)
- Search, Governance and Remuneration Committee (as required under the Articles of Government)
- Finance and Resources Committee
- Curriculum and Quality Committee
- People Committee
- Estates and Infrastructure Committee

APPENDIX B: AUDIT COMMITTEE TERMS OF REFERENCE

TERMS OF REFERENCE (TOR) FOR THE AUDIT COMMITTEE (AC)

- 1) **Introduction.** Information and authority for these TORs is contained in the:
 - i) Instruments and Articles of Government as approved by the Corporation;
 - ii) Post 16 audit Code of Practice (ACOP); and
 - iii) Corporation Standing Orders.
- 2) The authority and responsibilities of the Committee. The Committee:
 - a) has the authority to investigate any activity within its TOR;
 - b) has the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit;
 - c) must comprise at least three members excluding the Chair of the Corporation and the Principal and Chief Executive. The AC must ensure that it maintains its independence when considering appointment of members;
 - d) should include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively. Collectively, members of the committee should have recent, relevant experience in risk management, finance and audit and assurance; and
 - e) must not adopt an executive role.
- 3) To meet these specific issues the Committee is to:
 - a) assess and provide the Corporation with an opinion on the adequacy and effectiveness of the college's audit arrangements, framework of governance, risk management and control, and processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets;
 - b) advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors and other assurance providers, including internal auditors (IAS) and establish that all such assurance providers adhere to relevant professional standards;
 - c) ensure effective coordination between the IAS, the funding auditor and the financial statements auditor;
 - d) consider and advise the Corporation on:
 - i) the audit strategy for the financial statements' auditor and the regularity auditor; and
 - ii) the audit strategy and annual internal audit plans for the IAS.
 - e) inform the Corporation of any additional services provided by the financial statements, regularity and other audit and assurance providers and explain how independence and objectivity were safeguarded;
 - f) advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements' auditor (including their work on regularity) and the funding auditor and management's responses to these;
 - g) monitor, within agreed timescales, the implementation of recommendations arising from the management letters and reports of the financial statements and regularity auditor, and of any reports submitted by other providers of audit and assurance services to the college;
 - h) consider and advise the Corporation on relevant reports by the National Audit Office (NAO) and the funding agencies, and, where appropriate, management's response to these;
 - i) establish, in conjunction with college management, relevant annual performance measures and indicators, and to monitor the effectiveness of the IAS and financial statements auditor through these measures and indicators and to decide, based

- on this review, whether a competition for price and quality of the audit service is appropriate;
- j) oversee the college's policies on fraud and irregularity and whistleblowing, and ensure the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity; that investigation outcomes are reported to the AC; that the external auditors (and IAS where appointed) have been informed, and that appropriate follow-up action has been planned/actioned, and that all significant cases of fraud or suspected fraud or irregularity are reported to the chief executive of the appropriate funding body;
 - (a) *(Significant fraud is usually where one or more of the following factors are involved;*
 - ii) *there is likely to be great public interest because of the nature of the fraud or the people involved;*
 - iii) *the sums of money are in excess of £10,000 or specifically, and only, in relation to the 16-19 Bursary Fund a lower limit of £5,000 applies here; or*
 - iv) *the particulars of the fraud are novel or complex.)*
 - k) produce an annual report for the Corporation. The annual report must summarise the committee's activities relating to the financial year under review; including any significant issues arising up to the date of preparation of the report, and any significant matters of internal control included in the management letters and reports from auditors or other assurance providers. It must include the committee's view of its own effectiveness and how it has fulfilled its TOR. The report must include the AC's opinion on the adequacy and effectiveness of the college's audit arrangements, its framework of governance, risk management and control and its processes for securing economy, efficiency and effectiveness. The annual report must be submitted to the Corporation before the Statement of Corporate Governance and Internal Control in the accounts is signed. A copy of the AC's annual report must be submitted to the relevant funding body with the annual accounts: and
 - l) recommend the Statement of Corporate Governance and Internal Control to the Corporation for approval.
- 4) Relationship with the Corporation. The Corporation expect that the AC will complete and/or advise on audit associated matters as detailed in the Audit Codes of Practice. The role of the AC is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance.
- 5) Relationship with the Principal and Chief Executive (Accounting Officer). It remains the Principal and Chief Executive's responsibility to ensure the satisfactory operation of day-to-day control framework however the internal and external auditors, together with the AC, contribute to this by provision of advice and assurance.
- 6) Meetings.
- i) Audit Firms. Each Committee meeting may be preceded by a private session between the Internal and External Auditors (If attending the meeting proper) and the Committee members.
 - ii) Frequency. The Committee shall meet as required but normally not less than once a term unless the Chair in consultation with the Clerk agrees that there is insufficient business; the Clerk will record such action.
 - iii) Special Meetings. The Clerk when instructed only by the Chair, or in his absence, by the Vice or acting Chair, shall call Special meetings of the Committee. At such

meetings, the Agenda shall normally be limited to consideration of a single or related item. Standing items shall not be included in the Agenda.

- 7) Chair, Membership and Quorum.
 - i) Chair. The Chair of the AC shall be appointed by the Corporation. If the Chair is absent from a Committee meeting then the meeting shall nominate a Chair for that meeting.
 - ii) Membership. The Committee shall comprise:
 - (1) up to 4 Corporation Members nominated by the Corporation and confirmed every year at the first meeting of the academic year.
 - (2) up to 2 lay members, if possible, recommended and approved by the Corporation.
 1. In attendance:
 - (3) the Director of Finance (or representative); and
 - (4) the Director of Governance.
 1. By open invitation;
 - (5) the Principal and Chief Executive;
 1. (vii) members of the Audit Committee; and
 - (6) representatives of the appointed Internal and External Auditors and nominated by the firms concerned;
 1. The following shall be excluded from Membership:
 - (7) Corporation members with interests in the College;
 - (8) senior postholders; and
 - (9) the Chair of the Corporation.
 - iii) The Committee shall be quorate with 3 members (of whom one must be a Corporation member).
 - 8) Agendas for Meetings. The Agenda shall be agreed between the Director of Finance, the Chair of the Committee and the Clerk.

APPENDIX C: KEY CONTACTS IN THE FINANCE DEPARTMENT

INTRODUCTION

- The finance department is located in Mansion House at the Smallford Campus. The department is open between 9.00a.m. and 5.00p.m. The Finance Department is managed on a day-to-day basis by the Director of Finance.
- The cash office comes under the responsibility of the finance department and is situated in the finance department on the St Albans campus. When the cash office is closed other business support staff based on the campus will provide assistance.
- The finance department receive and send documents using the internal post service and the Royal Mail. When sending documents to the finance department it is important to ensure that envelopes are properly addressed and more importantly properly sealed.
- The main services are listed on the following pages together with appropriate job titles.

FUNCTIONS

- Processing of properly authorised purchase order requisitions raised on the College's finance portal and despatch of approved purchase orders to suppliers.
- Processing of purchase invoices for confirmation of receipts of goods/services and approval for payment and payment of approved invoices
- Processing and payment of duly authorised expense claims
- Learner Support Fund payments to students and third parties.
- Collection of income
- Maintenance of the College's bank accounts

FINANCIAL ACCOUNTING

- Many of the functions under this heading will not directly affect Curriculum and Quality & Resource areas. They include maintenance of the accounting system, preparation of final and other accounts, tax returns, etc. Another such function relates to treasury management, which encompasses borrowing and lending, cash flow forecasting and management of the bank accounts. There are, however, several services, which are for the specific benefit of users.
- **Use of systems.** Advice and training is provided for authorised users to access the finance system. Queries relating to the operation of the accounting system shall be addressed to the Director of Finance.

MANAGEMENT ACCOUNTING

- Much of the work in this area is at a corporate level. This includes the preparation of

the financial plan, consolidation and submission of planning data to the DFE, compilation of the detailed annual budget and production of comparative statistical data. The Director of Finance must also provide regular monitoring statements and financial advice to the Corporation.

- **Budget monitoring.** All members of the Senior Management Team and all budget holders have been provided with access to the finance web portal providing instant reports from the finance system showing performance against budget at account code level.

MANAGEMENT CONTROL

- A range of services provided by the finance department relate to the overall control of the College's systems. Some of these are mandatory.
- **Procedures and regulations.** Financial regulations and detailed financial procedures are maintained and disseminated by the finance department. Again, their existence is an DFE and Audit Committee requirement. For queries relating to management control matters, please contact the Director of Finance.

PURCHASING

- The purchasing function is generally devolved, with authority to purchase granted to budget holders within the threshold framework stipulated in the financial regulations.
- **Tender process.** Advice shall be sought from the Director of Finance with regard to complying with the tender process.

APPENDIX D: MAIN FEATURES OF THE PUBLIC INTEREST DISCLOSURE ACT 1998

SUMMARY

The Act came into force on 2 July 1999. It encourages people to blow the whistle about malpractice in the workplace and is designed to ensure that organisations respond by acting on the message rather than against the messenger. The Act applies to employees blowing the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It applies whether or not the information is confidential and extends to malpractice occurring in the UK and any other country or territory. In addition to employees, it covers trainees, agency staff, contractors, home workers, trainees and every professional in the NHS. Employment law restrictions on minimum length of service and age do not apply. At present, the Act does not cover the genuinely self-employed, volunteers, the army, intelligence services or police officers. The Act has been described as ‘the most far reaching whistleblower protection in the world’.

INTERNAL DISCLOSURES

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

REGULATORY DISCLOSURES

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

WIDER DISCLOSURES

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

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

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

FULL PROTECTION

Where the whistleblower is victimised in breach of the Act they can bring a claim to an employment tribunal for compensation. Awards are uncapped and based on the losses suffered. Additionally, where an employee is sacked, they may apply for an interim order to keep their job. Not all disclosures made by an employee are protected under the Act. Those that are include criminal acts, health and safety violations, breaches of legislation and miscarriages of justice. However, such acts are only protected as long as the disclosure is made in good faith to the employer, or any other person authorised under a procedure set up by the employer for this purpose. (Disclosures can also be made to appropriate regulatory bodies, such as the Health and Safety Executive). Where an employee reasonably suspects malpractice (and this includes any crime), they will be protected from victimisation where they raise the matter in good faith with a person who is legally responsible for whistleblowing.

QUALIFYING AREAS

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

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

APPENDIX E:

THE SEVEN PRINCIPLES OF PUBLIC LIFE FROM THE SECOND REPORT OF THE NOLAN COMMITTEE ON STANDARDS IN PUBLIC LIFE MAY 1996

SELFLESSNESS

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

INTEGRITY

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

OBJECTIVITY

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

ACCOUNTABILITY

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

OPENNESS

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

HONESTY

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

LEADERSHIP

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

APPENDIX F: SUMMARY OF PROTOCOLS FOR PROPOSED CAPITAL EXPENDITURE

Any capital expenditure project where the cost is projected to exceed £100,000 is subject to this protocol. Expenditure below this level does not require the same level of detail and advice shall be sought from the Director of Finance on the amount of information to be provided.

All proposals will be prepared using the standard College template, which will incorporate a commentary and financial analysis covering the following aspects:

- A statement that demonstrates the project's consistency with the strategic plans and accommodation strategy approved by the Corporation
- An initial expenditure budget for the project. The budget shall include a breakdown of costs including professional fees, VAT and funding sources. Managers shall seek advice, as appropriate from the relevant business support manager in the preparation of the budget.
- A financial evaluation of the plans. This will include comparison of additional income generated and the costs incurred, the impact of not undertaking the project.
- For building works for which DFE approval is required or funding support requested, an investment appraisal in an approved format which complies with DFE guidance on option and investment appraisal.
- A demonstration of compliance with normal tendering procedures and DFE regulations. This will require careful consideration where partnership arrangements are in place.
- A cash flow forecast.

The Director of Finance will provide advice to managers on the operation of these protocols.

Only exceptions to this are for IT equipment expenditure (eg laptops & desktops)

APPENDIX G: SUMMARY OF PROTOCOLS FOR PROPOSED MAJOR DEVELOPMENTS

Any proposed activity that the college is empowered to carry out within the framework of the financial memorandum with the DFE, where the initial investment is £100,000 or greater is subject to this protocol. This could include a combination of both capital and revenue expenditure required to fund a new activity either within the college or through a subsidiary company and relates to the initial commitment of expenditure before any income has been generated.

The proposal shall be supported by a business plan for three years, which sets out:

- a demonstration of the proposal's consistency with the strategic plans approved by the Corporation and with the College's powers under current legislation
- details of the market need and the assumptions (based on reference data) of the level of business available
- details of the business and what product or service will be delivered
- an outline plan for promoting the business to the identified market and achieving planned levels of business
- details of the staff required to deliver, promote and manage the business, together with any re-skilling or recruitment issues
- details of any premises and other resources required
- a financial evaluation of the proposal together with student number projections in accordance with DFE priorities, the impact on revenue, costs and contribution to overheads and/or surplus, plus sensitivity analyses in respect of key assumptions
- contingency plans for managing adverse sensitivities
- consideration of taxation and other legislative or regulatory issues
- where investment is in a separate company, a three-year financial forecast for the proposal including a monthly cash flow forecast and details of the impact on the College cash flow forecast for the financial years in question.

The Director of Finance will provide advice to managers on the operation of these protocols.

Prior to presentation to the Corporation, the business plan will be reviewed by the Senior Leadership Team and signed off by the Principal and Chief Executive.

APPENDIX H: INTERNAL AUDIT RESPONSIBILITIES

AS ADVISED BY THE DFE

The new Joint Audit Code of Practice covers the requirements of the Education Skills Funding Agency.

The prime responsibility of the internal audit service is to provide the Corporation with assurance on the adequacy and effectiveness of the risk management, control and governance processes. Responsibility for risk management, control and governance processes remains fully with management, who shall recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management to improve systems of risk management, control and governance processes and so to reduce the potential effects of any significant risks faced by the College. Risk assessment provides the opportunity for internal audit work to be efficient and focused. It does not necessarily imply that internal audit activity has to be increased.

Internal audit can also provide independent and objective consultancy advice specifically to help management improve the risk management, control and governance processes. In such circumstances, internal auditors apply their professional skills in a systematic and disciplined way to contribute to the achievement of corporate objectives. Such advisory work contributes to the opinion that internal audit provides on the overall adequacy and effectiveness of risk management, control and governance processes.

APPENDIX I: MAIN POINTS INCLUDED IN THE COLLEGE'S CODE OF TENDERING PRACTICE

- Duty to comply by the College's staff.
- EU directives (or equivalent) to be complied with.
- Competitive tendering procedure, which will:
 - 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 the appropriate British standards to be complied with.
- Quotation procedure, which will indicate:
 - the minimum number of firms that shall be expected to provide quotations
 - lists of available firms in existence which have been approved by the College that might undertake the work specified
 - the terms by which the contractors will be paid
 - the national requirements concerning good practice that shall be followed.
- Submission of tenders (e.g. time, date, etc).
- Receipt and safe custody of tenders and records.
- Admissibility and acceptance of tenders.
- Acceptance of tenders/quotations.
- Justification of acceptance of tenders not at the lowest price.

APPENDIX J: THE BRIBERY ACT – GUIDING PRINCIPLES

The guidance remains non-prescriptive and indicates that "adequate procedures" should be built around 5 principles outlined below.

1. **Proportionality** – the College will take action appropriate to the risks faced.
2. **Top level commitment to bribery prevention** - Senior Management will take personal responsibility for anti-fraud practices and maintain oversight of implementation.
3. **Due diligence** - The Bribery Act introduces criminal liability for any company that "fails to prevent bribery" where an "associated person" bribes another person. The College will need to check out all partners and other third parties and ensure adequate due diligence is undertaken on all new business relationships before the appointment of the third party and regularly review these relationships during their lifetime.
4. **Communication** - Anti-bribery procedures will be integrated into all relevant policies and procedures including, whistleblowing, disciplinary, employment contract, gifts and hospitality, procurement, tendering and contracting, commissioning arrangements with contractors, declaration of interests and financial regulations. They need to be imbedded in the organisation and understood by employees, intermediaries and agents.
5. **Monitoring and review** – the College must be able to prove that it regularly monitors and reviews the adequacy and suitability of all policies and procedures and adapts them to reflect any changes in the organisation.

APPENDIX K: PARTNERSHIP ARRANGEMENTS

Where the College proposes to enter into an agreement with a third party to deliver funded teaching and learning activity, the normal purchasing procedures must be followed. In addition, where the value of the activity is planned to exceed £50,000 and it is not feasible due to the nature of the activity to undertake a formal tendering procedure then College management needs to demonstrate (in line with DFE subcontracting guidelines) that the following issues have been given appropriate consideration.

- Strategic fit – why the partnership is being entered into and how it fits into the College’s strategy
- Activity – details of the programmes that the partner will be delivering, length of programmes, previous success rates, volumes of activity, student recruitment plans and expected student profile (age and funding eligibility)
- Estimated funding value for qualifications to be delivered based on expected student profile
- Basis for sharing funding and estimated total cost, estimated contribution and demonstration that the contract represents good value for money
- Risks, including health and safety, safeguarding, insurance, E & D, complains, EV reports, data protection, financial solvency, contracts with other providers, etc
- Seeking appropriate references

The due diligence checklist must be completed.

APPENDIX L: MANAGING PUBLIC MONEY GUIDANCE

The Office of National Statistics announced the classification of colleges and their subsidiaries to the public sector on 29 November 2022. This introduced a new requirement for colleges to comply with HMT Managing Public Money (MPM), including, in particular, financial oversight and borrowing requirements.

DFE need assurance that the College and subsidiaries have complied with these new requirements each year.

This assurance in relation to compliance with Managing Public Money will be obtained from the regularity statement of the accounting officer included in the College's annual reports and accounts and reporting accountants' regularity reviews in relation to the annual financial statements.

The Director of Finance is responsible for ensuring that there are documented systems and controls to identify, record, approve and report the following to the Department of Education:

- New financing or amendments to existing borrowing
- Write offs
- Indemnities, guarantees and letters of comfort.
- Novel, contentious or repercussive transactions

Potential transactions must be agreed by Principal and Chief Executive and Director of Finance before implementation.

The table below provides a summary of the delegated authority levels relevant to this return. Please refer to the Dear Accounting Officer letter and the bite-size guides for further details.

RETURN REF.	TYPE OF TRANSACTION	COLLEGE DELEGATED AUTHORITY	DfE APPROVAL REQUIRED
1	Additional usage of existing overdraft, revolving credit facilities (RCFs) or drawdowns of existing term loans.	No delegated authority.	Consent must be sought from DfE.
1	Amendments to existing private sector borrowing	Colleges can agree amendments which are not within the scope of Managing Public Money (MPM). Examples include but are not limited to: a) providing periodic standard written representations to lenders b) changes to financial and non-financial covenants c) changes to standard clauses following underlying legislation changes.	Consent must be sought from DfE for amendments which may be within scope of MPM. Examples include but are not limited to: a) changes relating to the term of a loan b) repayment profile change c) interest rate change outside of the existing agreement terms, including any move between a variable and a fixed interest rate d) providing additional security.
1	New private sector borrowing	No delegated authority.	Any new private sector finance arrangements require prior written consent from DfE.
2	Write-offs	a) Any individual write-off that is £45,000 or less, or 1% or less of annual income (whichever is smaller). b) Cumulative write-offs providing within the academic year totalling £250,000 or less, or 5% or less of annual income (whichever is smaller). Income will be the forecast total income for the current year.	a) Any individual write-off that exceeds £45,000 or 1% of annual income (whichever is smaller). b) Cumulative write-offs within the academic year which exceed £250,000 or 5% of annual income (whichever is smaller). Consent must be sought from DfE.
3	Indemnities, guarantees and letters of comfort (contingent liabilities)	Indemnities arising in the normal course of business. Indemnities beyond the normal course of business, and guarantees and letters of comfort at or below: 1% of annual income or £45,000 (whichever is smaller) individually; and 5% of annual income for cumulative such contingent liabilities (subject to a cumulative ceiling for the academic year of £250,000). Income will be the forecast total income for the current year.	Indemnities beyond the normal course of business, guarantees and letters of comfort in excess of: 1% of annual income or £45,000 (whichever is smaller) individually; and 5% of annual income for cumulative such contingent liabilities (subject to a cumulative ceiling for the academic year of £250,000). Consent must be sought from DfE.
4	Novel, contentious and repulsive transactions	No delegated authority.	Any transactions that may be considered novel, contentious and/or repulsive must be referred to DfE for prior approval. Consent must be sought from DfE.
5	Compensation payments	Individual payments where non-statutory / non-contractual element is under £50,000.	Values above the college's delegated authority. Consent must be sought from DfE.
5	Ex gratia, extra contractual, extra statutory or extra regulatory payments	No delegated authority.	All such payments must be referred to DfE for prior approval. Consent must be sought from DfE.
5	Special severance payments	a) Individual payments where non-statutory / non-contractual element is under £50,000 or under 3 months' salary (gross), whichever is lower. Subject to: b) The Exit package including a special staff severance payment being below £100,000 in total, and c) employee earns under £150,000	a) Values above the college's delegated authority. b) Exit packages which include a special severance payment and are at or above £100,000 c) the employee earns over £150,000. Consent must be sought from DfE.

TENDER WAIVER REQUEST

To be used in all cases where the College’s full tender procedure is not going to be followed.
To be completed and authorised in advance of decision and appointment being made.

Details: It is requested that an tender waiver is approved.

Services/Goods to be supplied:

Name of Supplier:

Cost:

Justification for using Tender Waiver request (Refer to Financial Regulations for guidance):

It is proposed to appoint the above supplier.

Reason for tender waiver:

Request initiated by:

Date:

Authorised
.....
(Principal/Chief Executive, Chief Finance Officer or Director of Finance)

Position
.....

Date

Comments
.....

This document is to be placed on the Tender Waiver file with the Director of Finance

QUOTE WAIVER REQUEST

To be used in all cases where the College’s full tender procedure is not going to be followed.
To be completed and authorised in advance of decision and appointment being made.

Details: It is requested that a quote waiver is approved.

Services/Goods to be supplied:

Name of Supplier:

Cost:

Justification for using Quote Waiver request (Refer to Financial Regulations for guidance):

It is proposed to appoint the above supplier.

Reason for quote waiver:

Request initiated by:

Date:

Authorised
.....

(Principal/Chief Executive, Chief Finance Officer or Director of Finance)

Position
.....

Date
.....

Comments
.....

This document is to be placed on the Quote Waiver file with the Director of Finance