



## Financial Regulations 2022 - 2023

**Equality Impact Assessment:** Askham Bryan College recognises the importance of the Equality Act 2010 and its duties under the Act. This document has been assessed to ensure that it does not adversely affect staff, students or stakeholders on the grounds of any protected characteristics.

### Contents

	<b>Page</b>
<b>A General Provisions .....</b>	<b>2</b>
1 Background.....	2
2 Status of Financial Regulations .....	2
<b>B Corporate Governance .....</b>	<b>4</b>
3 The Corporation.....	4
4 Designated Officer .....	4
5 Committee Structure .....	5
6 Responsibilities.....	6
7 Risk Management .....	7
8 Whistleblowing .....	7
9 Code of Conduct for Governors and Staff.....	8
<b>C Financial Management and Control.....</b>	<b>9</b>
10 Financial Planning .....	9
11 Financial Control.....	10
12 Accounting arrangements .....	11
13 Audit Requirements .....	13
14 Treasury Management.....	15
15 Income .....	17
16 Research Grants and Contracts .....	20
17 Other income generating activity .....	20
18 Intellectual Property Rights and Patents .....	22
19 Expenditure.....	22
20 Pay expenditure .....	28
21 Assets .....	29
22 Funds held on trust .....	30
23 Other.....	31
Appendix A: Fraud Response Plan.....	34

## **A GENERAL PROVISIONS**

### **1 Background**

- 1.1** Askham Bryan College is a further education corporation created under the provisions of the Further and Higher Education Act 1992. Its structure of governance is laid down in its Instrument and Articles of Government. The Corporation is an independent body and the Governing Body is responsible for the management of the College and for ensuring the financial viability of the Corporation.
- 1.2** The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.
- 1.3** The financial memorandum between the various funding bodies and the College sets out the terms and conditions on which grant is made. The Governing Body (the Corporation) is responsible for ensuring that conditions of grant are met. As part of this process, the College must adhere to the Post-16 audit code of practice which requires it to have sound systems of financial and management control. The financial regulations of the College form part of this overall system of accountability.

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

- 2.1** This document sets out the College's financial regulations. It applies to the College and all its subsidiary undertakings. It translates into practical guidance the College's broad policies relating to financial control.
- 2.2** These financial regulations are subordinate to the College's Instrument and Articles of Government and to any restrictions contained within the College's financial memorandum with the funding bodies' Post-16 audit code of practice.
- 2.3** The purpose of these financial regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's strategic plan and business objectives including:
- 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; and
  - safeguarding the assets of the College.
- 2.4** Compliance with the financial regulations is compulsory for all staff connected with the College. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the College's disciplinary policy. The Governing Body will be notified of any such breach through the Audit Committee. It is the responsibility of Directors to ensure that their staff are made aware of the existence and content of the College's financial regulations. A copy of these financial regulations is published on the College's intranet.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
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- 2.5** The Finance & General Purposes Committee is responsible for maintaining a continuous review of the financial regulations, through the Chief Finance Officer and for advising the Corporation of any additions or changes necessary.
- 2.6** In exceptional circumstances, the Finance & General Purposes Committee may authorise a departure from the detailed provisions contained herein, such departure to be reported to the Corporation at the earliest opportunity.
- 2.7** The College's detailed financial procedures set out precisely how these regulations will be implemented.
- 2.8** These financial regulations were approved by the Corporation on 14 March 2022.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
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## B CORPORATE GOVERNANCE

### 3 The Corporation

**3.1** The Corporation is responsible for the management and administration of the College. Its financial responsibilities are to:

- ensure the solvency of the College and the safeguarding of the College's assets;
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Chief Executive Officer and other senior post-holders;
- set a framework for pay and conditions of service of all other staff;
- ensure that financial planning and other management controls, including controls against fraud and theft, applied by the College are appropriate and sufficient to safeguard public funds;
- approve the appointment of the College's external auditors and an internal audit service; secure the efficient, economical and effective management of all the College's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the College is not put at risk;
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution;
- plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure;
- determine tuition fees;
- ensure that the College complies with the funding body's Post-16 audit code of practice;
- approve the College's strategic plan;
- approve an annual budget before the start of the year and monitor performance against it throughout the year; and
- approve the annual financial statements and related documents.

### 4 Designated Officer

**4.1** The Chief Executive Officer is the College's designated accounting officer and is responsible for the financial administration of the College's affairs in accordance with the financial memorandum with the funding body. As the designated officer, the Chief Executive Officer may be required to justify any of the College's financial matters to the Public Accounts Committee of the House of Commons.

In particular, the articles of government 3(2)(e) charge the Chief Executive Officer with responsibility:

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

The Chief Executive Officer 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 Chief Executive Officer's statement on the financial forecasts submitted to the funding body.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
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## **5 Committee Structure**

**5.1** The Corporation has ultimate responsibility for the College's finances but from time to time delegates some duties to the Committees detailed below. These Committees are accountable to the Corporation and their detailed Terms of Reference are found in the College's Standing Orders.

### **5.2 Finance & General Purposes Committee**

The Finance & General Purposes Committee undertakes monitoring of the College's financial position and financial control systems. The Committee will examine annual estimates and accounts (including the accounting policies on which they are based) and recommend their approval to the Corporation. It will ensure that short-term budgets are in line with agreed longer term plans and that they are followed. The Committee will also ensure that the Corporation has adequate information to enable it to discharge its financial responsibilities. The Finance & General Purposes Committee also undertakes consideration of the College's medium term and strategic plans which include the development of a sustainability action plan. It is responsible for ensuring that all the financial implications of such plans are taken into account before their approval by the Corporation. In addition, it is responsible for considering the College's capital programme before it can be recommended to the Corporation for approval. Similarly, it considers and makes recommendations to the Corporation on the allocation of resources between academic and non-academic areas. The Committee will consider any other matters relevant to the financial duties of the Corporation and make recommendations accordingly.

### **5.3 Audit Committee**

Colleges are required by their financial memorandum with the funding bodies and by the Post-16 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 that it considers necessary and to consult directly with the internal and external auditors. The Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The audit requirements of the College are set out in the Post-16 audit code of practice.

### **5.4 Remuneration Committee**

Consideration of senior management's pay and conditions is the responsibility of the Remuneration Committee. It has the power to make recommendations to the Corporation on the remuneration of senior post-holders, including pay and other benefits, as well as contractual arrangements.

### **5.5 Search Committee**

Advises the Corporation on the composition, balance and effectiveness of the Corporation and its Committees.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
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## **5.6 Quality and Standards Committee**

Advises the Corporation on matters of quality and standards, monitoring quality assurance processes and the Self-Assessment Report and evaluating the College's performance against national benchmarks.

## **6 Responsibilities**

### **6.1 The Chief Finance Officer**

Day-to-day financial administration is controlled by the Chief Finance Officer who is responsible for:

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

### **6.2 Budget Holders**

Budget holders are responsible to the Chief Executive Officer for financial management within their own departments. They are advised by the Chief Finance Officer in executing their financial duties. The Chief Finance Officer will supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Budget holders are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters and are responsible for the economic, effective and efficient use of resources allocated to them.

Budget holders shall provide the Chief Finance Officer with such information as may be required to enable:

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

### **6.3 All Members of staff**

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

They should ensure that they are aware of the College's financial authority limits (see

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

19.2) and the values of purchases for which quotations and tenders are required (see 19.6).

They shall make available any relevant records or information to the Chief Finance Officer or their 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 Chief Finance Officer or their authorised representative 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 Chief Finance Officer whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the College. The Chief Finance Officer shall take such steps as they consider 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 Policy.

## **8 Whistleblowing**

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

- 8.2** Normally, any concern about a workplace matter at the College should be raised with the relevant member of staff's immediate line manager or head of department. However, the College recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.

- 8.3** A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose, for example the Clerk to the Corporation. If the member of staff does not wish to raise the matter with this person, or with the Chief Executive Officer or the Chair of the Governing Body, 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.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
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## **9 Code of Conduct for Governors and Staff**

- 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, updated through the Code of Conduct, which members of staff at all levels are expected to observe. In addition, the College expects that staff at all levels will observe its code of conduct, contained in its detailed financial procedures, which covers:
- probity and propriety;
  - selflessness, objectivity and honesty; and
  - relationships.
- 9.2** Additionally, members of the Corporation, senior managers or those involved in procurement are required to disclose those interests required in the College's register of interests maintained by the Clerk to the Corporation. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.
- 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 Bribery Act 2010 for governors and members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all governors and members of staff must be:

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

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

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the Chief Finance Officer. For the protection of those involved, the Legal and Compliance Adviser will maintain a register of gifts and hospitality received where the value of the gift is in excess of £20. Governors and members of staff in receipt of such gifts or hospitality are obliged to notify the Clerk to the Corporation promptly.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
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## C FINANCIAL MANAGEMENT AND CONTROL

### 10 Financial Planning

**10.1** The Chief Finance Officer is responsible for preparing annually a rolling five-year financial plan for approval by the Corporation and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans and accommodation strategy approved by the Corporation.

#### 10.2 Budget Objectives

The Corporation will, from time to time, set budget objectives for the College. These will help the Chief Finance Officer in preparing his or her more detailed financial plans for the College.

#### 10.3 Resource Allocation

Resources are allocated annually by the Corporation on the recommendation of the Finance & General Purposes Committee, and on the basis of the above objectives. Budget holders are responsible for the economic, effective and efficient use of resources allocated to them.

#### 10.4 Budget Preparation

The Chief Finance Officer is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Finance & General Purposes Committee before submission to the Corporation. The budget should include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Chief Finance Officer must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to budget holders as soon as possible following their approval by the Corporation.

During the year the Chief Finance Officer is responsible for submitting, where changes in circumstances require it, revised budgets to the Finance & General Purposes Committee for consideration before submission to the Corporation for approval.

#### 10.5 Capital Programme

The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the College's financial statements.

The Chief Finance Officer will establish protocols for the inclusion of capital projects in the capital programme 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.

The Chief Finance Officer will also establish procedures for the approval of variations.

All contracts or orders placed as part of a capital development must be authorised in

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

line with the levels detailed at paragraph 19.2.

The Chief Finance Officer is responsible for providing regular statements concerning all capital expenditure to the Finance & General Purposes Committee for monitoring purposes.

Following completion of a major (£250,000 and over) capital project, a post-project evaluation should be prepared. The final report should be submitted to the Finance & General Purposes Committee including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues after the completion of the project.

## **10.6 Leases**

For proposed leases over £1,000 per annum, the budget holder will prepare a business case for presentation to the Chief Finance Officer detailing the type of lease together with the costs and other impacts of leasing compared to those for purchasing the item. This will be completed in the format approved by the Chief Finance Officer. Any lease with a value over £10,000 requires approval of the Chief Finance Officer. The Chief Finance Officer or their authorised representative will maintain a record of leased items.

## **10.7 Overseas Activity**

No overseas activity will be undertaken without the approval of the Chief Executive Officer.

## **10.8 Other Major Developments**

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £150,000 should be presented for approval to the Finance & General Purposes Committee.

The Chief Finance Officer 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.

# **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.

Significant departures of more than 5% from the agreed budgetary targets must be reported immediately to the budget holders designated finance representative, and if necessary, corrective action taken.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

## **11.2 Financial Information**

The budget holders will be assisted in their duties by management information provided by the Management Accounts team.

The Chief Finance Officer is responsible for supplying budgetary reports on all aspects of the College's finances to the Finance & General Purposes Committee on a basis determined by that Committee but subject to any specific requirements of the funding bodies. Financial reports are also presented to the Corporation, which has overall responsibility for the College's finances.

## **11.3 Changes to the Approved Budget**

Proposed changes to the approved budget will first be considered by the Finance & General Purposes Committee, which will make proposals to the Corporation.

## **11.4 Virement**

Where a budget holder is responsible for more than one budget, virement between budgets is permitted of up to 100% of the budget from which the virement is sought. The virement of budgets must not lead to any net change in the overall annual budget for the College. Virement between budgets held by different budget holders is permitted up to 100% of the budget from which the virement is sought.

## **11.5 Treatment of Year End Balances**

At year-end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year unless the Chief Finance Officer where relevant in conjunction with the Finance & General Purposes Committee has approved a specific scheme for carrying forward all or part of unspent amounts.

Unspent balances on approved ongoing and incomplete capital projects can be carried forward subject to approval from the Chief Finance Officer.

# **12 Accounting arrangements**

## **12.1 Financial Year**

The College's financial year will run from 1<sup>st</sup> August until 31<sup>st</sup> 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 latest Statement of Recommended Practice, subject to any specific guidance issued by the funding bodies, and in accordance with applicable Accounting Standards.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

## **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 calculated by a professional valuer. 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 £2,000 or more. Grouped items (e.g. a suite of computers) with an individual value of less than £2,000, but a group value of £2,000 or more, will be capitalised. Capitalised assets other than land and buildings will be depreciated over a period of their estimated economic life, commencing in the year of acquisition.

## **12.5 Accounting Records**

The Chief Finance Officer is responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities.

The College is required by law to retain prime documents for six years (either electronically or in paper). These include:

- purchase orders;
- supplier invoices;
- sales invoices;
- bank statements; and
- payroll records (responsibility of the HR department).

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

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as Local Enterprise Partnerships.

## **12.6 Public Access to Financial Statements**

Under the terms of the Charities Act 2011, the Governing Body is required to supply the Charity Commission with an annual report setting out its financial position, which is then made publicly available. Those details are also made available to the public on the College's website.

## **12.7 Taxation**

The Chief Finance Officer is responsible for advising budget holders, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. Therefore, the Chief Finance Officer will issue

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

instructions to budget holders on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

The Chief Finance Officer 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**

External 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/her control; and
- access records belonging to third parties, such as contractors and collaborators, when required.

The Chief Finance Officer is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly. Following consideration by Finance & General Purposes Committee, the financial statements should be reviewed by the Audit Committee. On the recommendation of Finance & General Purposes Committee and the Audit Committee, they will be submitted to the Corporation for approval.

### **13.2 External Audit**

The appointment of external auditors for the main financial statements of the College and any subsidiary companies is the responsibility of the Corporation who will be advised by the Audit Committee.

The primary role of 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 Post-16 audit code of practice and the Auditing Practices Board's auditing standards.

### **13.3 Internal Audit**

The internal auditors are appointed by the Corporation on the recommendations of the Audit Committee.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

The Corporation have made the decision to appoint internal auditors whose main responsibility is to provide the Corporation, the Chief Executive Officer and senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation and has direct access to the Corporation, Chief Executive Officer and Chair of the Audit Committee. The terms of reference of the internal audit service will be in accordance with the Post-16 audit code of practice and the auditors will also comply with the Auditing Practices Board's audit 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 Chief Finance Officer immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

The Chief Finance Officer shall immediately invoke the fraud response plan, which incorporates the following key elements (APPENDIX A: FRAUD RESPONSE PLAN):

- he or she will notify the Chief Executive Officer 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 Chief Executive Officer 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 funding body 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; and
- 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 Chief Finance Officer and/or the Chief Executive Officer, the member of staff shall notify the Chair of the Audit Committee directly of their concerns regarding irregularities.

#### **13.5 Value for Money**

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

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

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

## **13.6 Other Auditors**

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

## **14 Treasury Management**

### **14.1 The Treasury Function**

The College has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) definition of treasury management activities [*CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2017 Edition or later editions as amended)*]:

'The management of the Group's Cashflows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with these risks'.

The College acknowledges that effective treasury management will provide support towards the achievement of its corporate and organisational objectives.

### **14.2 Approved Methods of Raising Capital Finance**

The primary means of raising finance are:

- Long term loan
- Short term loan
- Lease finance
- Bank overdraft

In general, the College will obtain almost all its long-term financing from long term conventional debt through banks and building societies active in the education funding market, a mature funding market at competitive margins.

Short-term loans and overdraft finance may be used where this provides cheaper or more flexible funding. The College may also consider sources of lease finance for small funding requirements (e.g. IT and other equipment replacement upgrade programmes).

The quantum of overall debt will be determined by the College's ability to meet total debt charges, with due regard to the interest rate risk. The College financial forecasts (particularly the cash flow forecast) will reflect this requirement.

### **14.3 Liquidity**

The College will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its financial objectives.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

The College will invest surplus cash balances in interest bearing bank accounts to maximise income for the College subject to prudential management of risk. The College will normally restrict its investments to:

- Short term bonds
- Fixed deposits
- Deposits on call of up to 365 days' notice

Cash balances are reviewed on a monthly basis in conjunction with cashflow projections for a period of at least 12 months with an aim to maintain a daily balance within group operational bank accounts of at least £1,000,000.

Investments are placed as appropriate taking into account weekly requirements and the notice required to obtain funds.

No other types of investment will be placed without approval of the Finance & General Purposes Committee.

The Chief Finance Officer will be responsible for the regular reporting of debtors and creditors. A debt collection agency will be used for individual debtors in accordance with procedures agreed by the Chief Finance Officer.

Creditors will be settled in accordance with invoice terms, except where the amounts are in dispute. Where specific terms are not given settlement should be made within 30 days in accordance with paragraph 19.3. Payment performance will be reported in the College Financial Statements (subject to the requirements of the Statement of Recommended Practice (SORP) for the Sector).

#### **14.4 Delegation of Authority**

All new borrowing facilities and banking arrangements and mandates shall be accepted in writing by the Chief Executive Officer and, where a second signature is required in accordance with bank mandates, by the Chief Finance Officer or a senior post-holder. All borrowing shall be undertaken in the name of the College and shall conform to any relevant funding body requirements.

All day-to-day decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Chief Finance Officer and an appropriate reporting system set up.

The Chief Finance Officer will report to the Finance & General Purposes Committee on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him/her.

#### **14.5 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) on the recommendation of the Finance & General Purposes Committee.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
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## **14.6 Banking Arrangements**

The Chief Finance Officer is responsible, on behalf of the Finance & General Purposes Committee for the day-to-day operations, of the College's bank accounts.

The College will maintain a list of authorised signatures to the Bank Accounts who in turn will form the mandate operated by the Bankers. The mandate will require two signatures to authorise any changes to banking arrangements and for example to set up direct debit and standing order payments.

All payments made on behalf of the College will be wherever possible electronic i.e. BACS and processed via the Bankers online banking website, payments will need to be authorised by two users before being submitted based on the mandate held by the Bankers. Some payments by exception will be processed by cheque. All cheques must be signed in accordance with the mandate held by the Bankers.

The Chief Finance Officer 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 Chief Finance Officer 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 must have the approval of the Chief Finance Officer.

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

The Chief Finance Officer is responsible for ensuring that all grants and funds notified by the funding body and other bodies are received and appropriately recorded in the College's accounts.

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

### **15.2 Maximisation of Income**

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

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

### **15.3 Receipt of Cash, Cheques and Other Negotiable Instruments**

All monies received within academic departments and support sections from whatever source must be recorded on a daily basis together with the form in which they were received, e.g. cash or cheque.

Arrangements must be made to ensure all monies received by these departments are paid into the College bank accounts promptly. The custody and transit of all monies received must comply with the requirements of the College's insurers.

All sums received must be paid in and accounted for in full and must not be used to meet miscellaneous departmental expenses or be paid into the departmental petty cash float without the written consent of the Chief Finance Officer. Personal or other cheques must not be cashed out of money received on behalf of the College.

### **15.4 Collection of Debts**

The Chief Finance Officer should ensure that:

- debtors' invoices are raised promptly in respect of income due to the College;
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account;
- any credits granted are valid, properly authorised and completely recorded;
- VAT is correctly charged where appropriate, and accounted for;
- monies received are posted to the correct debtors account;
- swift and effective action is taken to collect overdue debts, in accordance with the Collection Policy; and
- outstanding debts are monitored and reported accordingly to SLT.

The authorisation limits for approving the write-off of bad debts are:

- |                 |                         |
|-----------------|-------------------------|
| • Up to £500    | Financial Controller    |
| • Up to £10,000 | Chief Finance Officer   |
| • Over £10,000  | Chief Executive Officer |

Bad debts over £10,000 must be reported to the Finance & General Purposes Committee.

### **15.5 Student Fees**

The procedures for collecting tuition and residence fees must be approved by the Chief Finance Officer. The Chief Finance Officer 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 attending awards ceremonies held by the College for presentation and celebration of success until all outstanding debts have been cleared. Such students shall be prevented from re-enrolling at the College and from using any of the College's facilities unless appropriate arrangements have been made.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

## **15.6 Student Loans**

Appropriate records will be maintained to support all transactions involving student loans.

## **15.7 Emergency/Hardship Loans**

The College's scheme for emergency/hardship loans to assist in the payment of meals, transport etc is managed by the Assistant Principal (Students).

The Chief Finance Officer is responsible for ensuring the adequacy of the systems in place for:

- approving loans in accordance with the scheme;
- paying loans that have been approved; and
- recovering loans that have been paid.

## **16 Research Grants and Contracts**

### **16.1 General**

Research can be defined as original investigation, undertaken to gain new knowledge and understanding, which may be directed towards a specific aim or objective. It can use existing knowledge in experimental development to produce new or substantially improved materials, devices, products and processes including design and construction. It excludes routine testing and analysis of materials, components and processes.

The term 'research grant' is restricted to research projects funded by the UK research councils, charities and the higher education funding bodies.

All other externally financed research projects are classified as 'research contracts'.

Where approaches are to be made to outside bodies for support for research projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of Budget Holders to ensure that the financial implications have been appraised by the Chief Finance Officer. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

The Chief Finance Officer is responsible for examining every formal application for grant and shall ensure that there is adequate provision of resources to meet all commitments. The Chief Finance Officer should ensure that the full cost of research contracts is established. The research agreement must be in line with the College's policy with regard to indirect costs and other expenses and taking account of different procedures for the pricing of research projects depending on the nature of the funding body.

The Chief Executive Officer shall accept research grants and contracts on behalf of the College.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

The Chief Finance Officer shall maintain all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.

Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific budget holder.

Control of pay and non-pay expenditure will be contained within the budget centre. The budget holder may delegate day-to-day control of their budget with prior written approval from their department Director and Chief Finance Officer. Any overspend or under-recovery of overheads is to be the clear responsibility of the budget centre with any loss being a charge on budget centre.

## **16.2 Recovery of Overheads**

Overheads will be charged to research activity whether or not the funding arrangements permit full recovery.

## **16.3 Grant and Contract Conditions**

Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. Failure to respond to these conditions often means that the College will suffer a significant financial penalty. It is the responsibility of the named supervisor or grant holder to ensure that conditions of funding are met.

Any loss to the College resulting from a failure to meet conditions of funding is the responsibility of the budget holder, and will be charged against budget centre.

# **17 Other Income Generating Activity**

## **17.1 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 written consent of the Chief Executive Officer;
- applications for permission to undertake work as a purely private activity must be submitted to the Chief Executive Officer and include the following information:
  - the name of the member(s) of staff concerned;
  - 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; and
  - an undertaking that the work will not compromise nor disadvantage the College in terms of commercial activities or confidentially or copyright.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

## 17.2 Off-site Collaborative Provision (Franchising)

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) including those funded by the funding bodies, must be subject to the following procedure.

There shall be a contract signed by the Chief Executive Officer and on behalf of any partner organisation that shall comply at least with the funding bodies' model contract (as amended from time to time) or amended to comply with requirements of other funding bodies in place before any provision is made. Contracts for significant changes in franchising activity shall be approved in advance by the Corporation.

The contract shall be scrutinised in advance of its operation by the Audit Committee and approved by the Finance & General Purposes Committee or the Corporation.

The impact of the contract(s) shall be subject to scrutiny by the Finance & General Purposes Committee. They shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the College's financial forecast.

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

## 17.3 Other Matched Funding

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

Individual applications for funds in excess of £100,000 shall be the subject of a report by the Chief Executive Officer to the Corporation which will set out, amongst other things, the potential risks generated by the project.

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

- the sub-contract complies with the requirements of the Funding Body;
- this is on the basis of a written contract which allows for full audit access to detailed records;
- appropriate due diligence has taken place and monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality; and
- payments are only made against detailed invoices.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

## **17.4 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 by the budget holder and agreed by the department Director and Chief Finance Officer. All requests for new courses or other income-generating activities must be approved by the Chief Finance Officer and SLT in conjunction with the curriculum planning process.

## **17.5 Deficits**

Any unplanned deficits incurred on other income-generating activities will be charged to budget cost centres.

# **18 Intellectual Property Rights and Patents**

## **18.1 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.

## **18.2 Patents**

The Finance & General Purposes Committee 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.

## **18.3 Intellectual Property Rights**

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

# **19 Expenditure**

## **19.1 General**

The Chief Finance Officer is responsible for making payment to suppliers of goods and services to the College.

## **19.2 Scheme of Delegation/Financial Authorities**

The budget holder is responsible for purchases within his or her department however in accordance with paragraph 19.2 the purchasing authority may be delegated to named individuals within the department (the Chief Finance Officer must be notified of any changes to these authority levels). In exercising this delegated authority, budget holders are required to observe the Contract and Procurement Policy.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

The Chief Finance Officer is responsible for maintaining a register of all authorised signatories together with their specimen signatures.

Under procedures agreed by the Chief Finance Officer, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits for electronic systems.

Budget holders are not authorised to commit the College to expenditure without first reserving sufficient funds to meet the purchase cost and are responsible for ensuring that expenditure within their departments does not exceed funds available.

All contracts or orders entered into on behalf of the College must be authorised by the budget holder and/or those with delegated authority with the exception of leases as set out in paragraph 10.6. Orders giving rise to significant expenditure require additional authorisation, in advance, as follows:

<b>Value of Purchase (incl. VAT)</b>	<b>Authorisation</b>
£0 to £5,000	Purchases require prior approval from the Budget Holder.
£5,001 to £10,000	Purchases require prior approval from the Budget Holders Department Director
£10,001 to £20,000	Purchases require prior approval from the Financial Controller.
£20,001 to £100,000	Purchases require prior approval from the Chief Finance Officer.
£100,001 to £150,000	Purchases require prior approval from the Chief Executive Officer.
Over £150,000	Purchases require prior approval from the Corporation.

Orders may not be split to lower the value per order with a view to reducing the authorisation level required.

Where overall authority has been given by the Corporation for a major capital project, individual elements of the project may be authorised as above.

Annual recurring items of expenditure (e.g. catering and cleaning contracts) do not require approval of the Chief Executive Officer or Finance & General Purposes Committee.

### **19.3 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 Contract and Procurement Policy.

#### **19.4 Purchase Orders**

The ordering of goods and services shall be in accordance with Purchase Order Procedure.

Official College purchase orders must be issued to all suppliers prior to the purchase of all goods or services, except those made using College purchasing cards or petty cash. 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.

It is the responsibility of the Chief Finance Officer to ensure that all purchase orders refer to the College's conditions of contract.

#### **19.5 Purchasing Cards**

The operation and control of the College's purchasing cards is the responsibility of the Chief Finance Officer. Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. The Chief Finance Officer will be responsible for setting in place a system to monitor the use of College purchasing cards and account for expenses charged through them.

#### **19.6 Tendering and Quotations**

Budget holders must comply with the College's tendering procedures contained in the Contract and Procurement Policy.

The award of contracts and purchase of single items, following a tendering process, must be authorised in line with the levels detailed at paragraph 19.2.

#### **19.7 Contracts**

Building contracts are the responsibility of the Finance & General Purposes Committee and are administered by the Director of Estates and Facilities.

Proposals will normally be initiated and progressed by the Director of Estates and Facilities in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments.

Consultants may be appointed if the project, as determined by the Finance & General Purposes Committee, is too large or too specialised for internal resources or it is cost effective to do so. Appointments shall be subject to tendering and other procedures, where appropriate. Any spending on a new site, regardless of size, requires a full investment appraisal approved by the Finance & General Purposes Committee. All other capital building projects, regardless of size, require a full investment appraisal approved by the Finance & General Purposes Committee. The Corporation, through the Finance & General Purposes Committee, will be apprised of the progress of all capital building projects.

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Chief Finance Officer for consideration by the Finance

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

& General Purposes Committee/Projects Committee. Investment appraisals should comply with appropriate funding body guidance.

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

#### **19.8 Public Procurement Regulations**

The Chief Finance Officer is responsible for ensuring that the College complies with its legal obligations concerning public procurement regulations in conjunction with the Contract and Procurement Policy. Public procurement regulations apply to written contracts for all forms of procurement with a total value exceeding a threshold value.

#### **19.9 Receipt of Goods**

All goods received shall be checked for quantity and/or weight and inspected for quality and specification and assuming they are satisfactory and accepted the purchase order previously raised for this supply must be good received in accordance with the Purchase Order Procedure. If the goods are deemed to be unsatisfactory, the supplier must be notified immediately so that they can be collected for return as soon as possible. Where goods are short on delivery, the supplier must be notified immediately.

#### **19.10 Payment of Invoices**

The Chief Finance Officer is responsible for deciding the most appropriate method of payment of supplier invoices. Payments to UK suppliers will normally be made by BACS transfer. In exceptional circumstances and where bank details are not held for a supplier, the Chief Finance Officer will prepare payment by cheque.

Suppliers should be instructed by budget holders to submit invoices for goods or services directly to the Finance Department.

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

Payments will only be made by the Chief Finance Officer:

- Against invoices that have been certified for payment by the appropriate budget holder and/or;
- Against invoices that can be matched to a receipted purchase order.

Certification of an invoice or receipting of an electronic order 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;
- Where appropriate, it is matched to the order;
- Invoice details (quantity, price, discount) are correct;
- The invoice is arithmetically correct;
- The invoice has not previously been passed for payment;
- Where appropriate, an entry has been made on a stores record or inventory;

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

- The cost is charged to the correct budget cost centre and expense code. This must be one of the cost centre codes included in the budget holder's areas of responsibility and the expense code must correspond with the types of goods or service described on the invoice.

#### **19.11 Staff Reimbursement**

The College's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see paragraph 20.5).

#### **19.12 Petty Cash**

Petty Cash expenditure should be restricted to those purchases where there is no practical alternative method of payment or urgent purchases of small value items under £50 and must be supported by original VAT receipts where available in accordance with the petty cash policy.

#### **19.13 Payment Terms**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. The Chief Finance Officer shall ensure that supplier payment terms of 30 days shall be enforced wherever possible.

#### **19.14 Giving Hospitality**

Staff entertaining guests from outside bodies should normally use the College's catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement.

### **20 Pay Expenditure**

#### **20.1 Remuneration Policy**

The pay and conditions of senior post-holders are set by the Corporation on the advice of its Remuneration Committee.

All other College staff will be appointed to the salary rates approved by the Chief Executive Officer and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources Department.

The Corporation will determine what other benefits, such as accommodation, cars, medical and life insurance, are to be available to the senior post-holders, and the basis of their provision (contributory or not). The Chief Executive Officer will determine the benefits available to other members of staff.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

## **20.2 Appointment of New Staff**

All contracts of service shall be concluded in accordance with the College's approved personnel practices and procedures and all offers of employment with the College shall be made in writing by the Director of People and Organisational Development or their authorised representative. Budget holders shall ensure that the Chief Finance Officer and the Director of People and Organisational Development are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

The requisition procedure shall be used to approve the recruitment of new staff and for contract variations. Requisition forms shall be approved by the budget holders line manager, the finance department and the Chief Executive Officer.

## **20.3 Salaries and Wages**

The process of payroll is conducted by a third party payroll provider under the management of the Director of People and Organisational Development. The provider is responsible for making payments to employees (full time, part time and casual) on instruction from the College for all contractual entitlements and expenses incurred in employment after making the necessary deductions for taxation in line with HMRC legislation.

The Director of People and Organisational Development will be responsible for keeping the Chief Finance Officer informed of all matters relating to personnel for financial planning and budgetary purposes. In particular, these include:

- Appointments, resignations, dismissals, secondments and transfers; and/or
- Changes in remuneration other than normal increments and pay awards.

## **20.4 Pension**

The Corporation is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees. The College provides access to two pension schemes. Support staff are eligible to join the Local Government Pension Scheme administered by North Yorkshire County Council. Teaching staff are eligible to join the Teachers' Pension Scheme administered by Teachers Pensions on behalf of the Department for Education.

The Director of People and Organisational Development is responsible for ensuring appropriate administration for pension matters, including:

- Paying contributions to pensions schemes;
- Preparing the annual return to the pension schemes;
- Administering eligibility of staff to pension; and
- Arrangements, and for advising the payroll provider when deductions should begin or cease for staff.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

## 20.5 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 Chief Finance Officer. Approved expense claims will be paid by BACS with the employees' next salary payment.

Claims by members of staff must be authorised by their budget holder, or the Chief Executive Officer in respect of senior post-holders. Expense claims from the Chief Executive Officer should be authorised by the Chair of the Corporation.

This certification 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; and
- consideration has been given to value for money in choosing the mode of transport.

## 20.6 Overseas Travel

All arrangements for overseas travel must be approved by the Chief Executive Officer in advance of committing the College to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Chief Executive Officer or members of the Corporation shall be approved by the Chair of the Corporation. Arrangements for travel by the Chair shall be approved by the Finance & General Purposes Committee.

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

## 20.7 Allowances for Members of the Corporation

Governors shall not receive payment for service as governors but can claim for mileage, subsistence and childcare. The procedure and rates are identical to those for College staff. A record of expenses incurred by the Chief Executive Officer and by members of the Corporation is maintained.

The Clerk to the Corporation authorises all claims by Governors including the Chair of the Corporation.

## 20.8 Severance and Other Non-Recurring Payments

Severance payments shall only be made in accordance with relevant legislation. Professional advice should be obtained where necessary. All such payments shall be authorised by the Chief Executive Officer and calculations checked by the Director of People and Organisational Development or Chief Finance Officer. Any individual amounts that do not fall within the parameters above or are in excess of £25,000 require reporting to the Finance & General Purposes Committee. Amounts paid should be declared as required in the financial statements.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

All matters referred to an Employment Tribunal shall be notified to the Remuneration and Finance & General Purposes Committees at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

## **21 Assets**

### **21.1 Land, Buildings, Fixed Plant and Machinery**

The purchase, lease or rent of land or buildings can only be undertaken with authority from the Governing Body and with reference to funding body requirements where exchequer funded assets or exchequer funds are involved. The regular occupancy of College dwellings shall be subject to proper contractual arrangements and rental shall be determined by the Director of Estates and Facilities and approved by the Chief Executive Officer.

### **21.2 Fixed Asset Register**

The Chief Finance Officer is responsible for maintaining the College's register of land, buildings, fixed plant and machinery, and vehicles. Budget holders will provide the Chief Finance Officer with any information he or she may need to maintain the register.

### **21.3 Stocks and Stores**

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

Budget holders are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate Health & Safety procedures and security checks.

Those budget holders whose stocks require valuation in the balance sheet must ensure that the stocktaking procedures in place have the approval of the Chief Finance Officer and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the College's detailed financial procedures.

### **21.4 Safeguarding Assets**

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

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

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

## **21.5 Personal Use**

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

## **21.6 Asset Disposal**

Disposal of land and buildings must only take place with the authorisation of the Corporation. Funding body consent may also be required if grant funding was involved in the acquisition of the asset.

## **21.7 All Other Assets**

Budget holders are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the College, whether tangible (such as stock – see above) or intangible (such as intellectual property – see section 18), including electronic data.

# **22 Funds Held on Trust**

## **22.1 Gifts, Benefactions and Donations**

The Chief Finance Officer 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.

## **22.2 Student Welfare and Access Funds**

The Chief Finance Officer will prescribe the format for recording the use of student welfare funds.

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

## **22.3 Trust Funds**

The Chief Finance Officer is responsible for maintaining a record of the requirements for each trust fund and for advising the Finance & General Purposes Committee on the control and investments of the fund balances.

The Finance & General Purposes Committee is responsible for ensuring that all of 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.

## **22.4 Voluntary Funds**

The Chief Finance Officer 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.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

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 Chief Finance Officer shall be entitled to verify that this has been done.

## **23 Other**

### **23.1 Insurance**

The Chief Finance Officer and the Director of Estates and Facilities are responsible for the College's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy (see section 7), 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.

The Chief Finance Officer is responsible for effecting insurance cover as required and obtaining quotes. The negotiation of claims and maintaining the necessary records is the responsibility of the Director of Estates and Facilities. The Director of Estates and Facilities will keep a register of all insurances affected by the College and the property and risks covered and will also deal with the College's insurers and advisers about specific insurance problems.

The use of any demonstrator vehicles or similar equipment should be notified to the Director of Estates and Facilities to ensure that appropriate insurance cover is in place.

Budget holders must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The Director of Estates and Facilities' advice should be sought to ensure that this is the case. Budget holders must give prompt notification to the Director of Estates and Facilities of any potential new risks, additional activities and additional property and equipment that may require insurance and any alterations affecting existing risks. Budget holders must advise the Director of Estates and Facilities immediately of any event which may give rise to an insurance claim. The Director of Estates and Facilities will notify the College's insurers and prepare a claim in conjunction with the budget holder for transmission to the insurers.

The Director of Estates and Facilities 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.

### **23.2 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 its behalf. Any member of staff considering the use of a company or a joint venture should first seek the advice of the

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
---------------------	-------------------------	------------------------------	----------------

Chief Finance Officer, who should have due regard to guidance issued by the funding body.

It is the responsibility of the Corporation to establish the shareholding arrangements and appoint Directors of companies wholly or partly owned by the College.

The Directors of companies, where the College is the majority shareholder, must submit, via the Finance & General Purposes Committee, an annual report to the Corporation. They will also submit business plans or budgets as requested to enable the committee to assess the risk to the College. The College's internal and external auditors shall also be appointed to such companies.

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

### **23.3 Security**

Keys to safes or other similar containers are to be securely locked away at all times when the safe is not in use. The loss of such keys must be reported to the Chief Finance Officer immediately.

The Chief Finance Officer shall be responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of The UK General Data Protection Regulation ("UK GDPR") and the Data Protection Act 2018. A Data Protection Officer has been nominated to ensure compliance with the Act and the safety of documents.

The Chief Executive Officer's Personal Assistant 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 Chief Executive Officer's Personal Assistant. All such documents shall be held in an appropriately secure location and copies held at a separate location. For further details, please see the Contracts Management Policy.

### **23.4 Students' Union (Arm's Length)**

The Students' Union is a constituent part of the College and, as such, is responsible to the College Corporation.

Subject to the constraints imposed by the funding body, the Assistant Principal (Students) shall determine the level of grant to be paid annually to the Students' Union and approve their budget for the year.

The Students' Union is responsible for maintaining its own bank account and financial records and for preparing its own annual financial statements.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
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The Students' Union should not enter into any contractual arrangements with third parties for sums greater than £5,000 per annum without the prior authorisation of a senior post-holder.

### **23.5 Use of the College's Seal**

Where a deed or document requires the College's Seal, it must be sealed by the Clerk to the Corporation, or in his/her absence the Chief Finance Officer, Legal and Compliance Adviser and or a senior post-holder, in the presence of a member of the Corporation.

The Director of Governance is responsible for submitting an annual report to each meeting of the Corporation detailing the use of the College's Seal since the last meeting.

A Register of Sealings will be kept and maintained by the Legal and Compliance Adviser which will record how the College seal has been used.

### **23.6 Provision of Indemnities**

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

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
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## **APPENDIX A: FRAUD RESPONSE PLAN**

### **Purpose**

The purpose of this plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The use of the plan should enable the College to:

- prevent further loss
- establish and secure evidence necessary for criminal and disciplinary action
- notify the funding body, if the circumstances are covered by the mandatory requirements of the Post016 audit code of practice
- recover losses
- punish the culprits
- deal with requests for references for employees disciplined or prosecuted for fraud
- review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud
- keep all personnel with a need to know suitably informed about the incident and the College's response
- inform the police
- assign responsibility for investigating the incident
- establish circumstances in which external specialists should be involved
- establish lines of communication with the police.

### **Initiating Action**

All actual or suspected incidents should be reported without delay to the Chief Finance Officer, who should, within 24 hours, hold a meeting of the following project group to decide on the initial response:

- Director of People and Organisational Development (Chair)
- Director of Governance
- Chief Finance Officer

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

### **Prevention of Further Loss**

Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the project group will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspects. It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.

In these circumstances, the suspect(s) should be approached unannounced. They should be supervised at all times before leaving the College premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
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belonging to the College. Any security passes and keys to premises, offices and furniture should be returned.

Advice should be obtained on the best means of denying access to the College while suspects remain suspended (for example, by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly, access permissions to the College's computer systems should be withdrawn without delay.

The Project Group shall consider whether it is necessary to investigate systems, other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the College's assets.

### **Establishing and Securing Evidence**

A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The College will follow disciplinary procedures against any member of staff who has committed fraud. The College will normally pursue the prosecution of any such individual.

The investigation will:

- maintain familiarity with the College disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation
- establish and maintain contact with the police where appropriate
- establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act
- ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

### **Notifying the Funding Body**

The circumstances in which the College must inform the funding body about actual or suspected frauds are detailed in the funding body's audit code of practice. The Chief Executive Officer is responsible for informing the funding body of any such incidents.

### **Recovery of Losses**

Recovering losses is a major objective of any fraud investigation. The investigation shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.

Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the Court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the Civil Court, where the perpetrator refuses repayment. The College would normally expect to recover costs in addition to losses.

### **References for Employees Disciplined or Prosecuted for Fraud**

The staff handbook includes a requirement that any request for a reference for a member of

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
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staff who has been disciplined or prosecuted for fraud shall be referred to the Director of People and Organisational Development. The Director of People and Organisational Development shall prepare any answer to a request for a reference having regard to employment law.

### **Reporting to Governors**

Any incident matching the criteria in the funding body's audit code of practice shall be reported without delay by the Chief Executive Officer to the Chairs of both the College Corporation and the Audit Committee.

Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the Chairs of both the College Corporation and the Audit Committee.

On completion of a special investigation, a written report shall be submitted to the Audit Committee containing:

- a description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud
- the measures taken to prevent a recurrence
- any action needed to strengthen future responses to fraud, with a follow-up report on whether or not the actions have been taken.

This report will normally be prepared by internal audit or whoever is undertaking the investigation.

### **Reporting Lines**

The project group shall provide a confidential report to the Chair of the College Corporation, the Chair of the Audit Committee, the Chief Executive Officer and the external audit partner at least monthly, unless the report recipients request a lesser frequency. The scope of the report shall include:

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

### **Responsibility for Investigation**

All special investigations shall normally be led by internal audit, following discussion with the project group as to the action to be taken. Special investigations shall not be undertaken by management, although management should co-operate with requests for assistance from internal audit.

Some special investigations may require the use of technical expertise which internal audit does not possess. In these circumstances, the project group may approve the appointment

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
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of external specialists to lead or contribute to the special investigation.

### **Review of Fraud Response Plan**

This plan will be reviewed for fitness of purpose at least annually or after each use. Any need for change will be reported to the Audit Committee for approval.

Version: April 2022	Next Review: April 2023	Author: Financial Controller	SLT Owner: CFO
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