

## Financial Regulations

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### Description:

These Regulations set out the principles and the main conventions governing financial and accounting practices at Craven College. They are designed to ensure the proper administration of the College's finances, and to satisfy the requirements of a Further Education College under the Further and Higher Education Act of 1992 and all the supporting documentation listed below. The College Financial Regulations are binding on all College employees.

### Supporting documentation:

#### Legislation

- Further and Higher Education Act 1992 (subsequent legislation and related regulations)
- Companies Act 2006
- Statement of Recommended Practice – Accounting for Further and Higher Education
- Charities Act 1993 as amended by the Charities Act's 2006, 2011 and 2016
- International Standards on Auditing (UK)
- The Code of Good Governance for English Colleges

#### Department for Education Guidance

- [College Auditor Framework and Guidance](#)
- [College Accounts Direction](#)
- [College Financial Handbook](#)
- [College Financial Planning Handbook](#)
- Funding letters and Memorandum issued by Funding Bodies

#### College Policies

- Anti-Fraud and Anti-Bribery Policy
- Anti-Money Laundering Policy
- Whistleblowing Policy
- Gifts and Hospitality Policy
- Treasury Management Policy
- Travel Expenses and Subsistence Policy
- Fees and Refunds Policy
- Data Protection Policy
- Procurement Policy
- College's Articles of Governance
- Financial Procedures Manual

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# A: GENERAL PROVISIONS AND GOVERNANCE

## 1 DEFINITIONS AND EXPLANATIONS

- 1.1 **The College** shall mean Craven College, a Corporation established under the Further and Higher Education Act 1992.
- 1.2 All references to **The Corporation** are to the members of the Corporation appointed under the Act. This is the Board to which the Principal reports and which is responsible to the Chief Executive Department for Education for discharging the functions of the College. For the purposes of these regulations the terms, The Corporation, The Governing Board, and The Board shall have the same meaning.
- 1.3 **The Principal** shall mean the Principal and Chief Executive of the College who is the **Accounting Officer** and responsible for the activities of the College. As the College’s Accounting Officer, they may be required to justify any of the College’s financial matters to the Public Accounts Committee at the House of Commons.
- 1.4 **The Funding Provider** is the Department for Education.
- 1.5 **The Deputy Principal** shall mean the Deputy Principal & CEO who is responsible for financial administration of the College and for ensuring that the College has satisfactory systems of financial control and management.
- 1.6 **The Director of Governance** shall mean the Director of Governance who is responsible for supporting the Governing Board and providing professional advice on matters of governance.
- 1.7 **Budget Holder** is any member of staff who has been assigned a budget to manage – capital or revenue.
- 1.8 **Line Manager** is a member of staff with management responsibility for other members of staff.
- 1.9 **Audit Committee** – Colleges are required by their Instrument and Articles of Governance, their financial memorandum with the Funding Provider and by the Funding Provider’s Audit Code of Practice to appoint an Audit Committee. The committee is independent, advisory and reports to The Corporation.
- 1.10 **Remuneration Committee** – Consideration of senior post holders pay, benefits and conditions and recommendation to The Corporation.
- 1.11 **Finance, Resource and Investment (FRI) Committee** – Monitoring of the College’s financial position and financial control mechanisms is undertaken by the Finance, Resources and Investment Committee. The Committee will examine annual estimates and accounts 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. It will consider any other matters relevant to the financial duties of the Corporation and make recommendations accordingly. The committee will also ensure that the Corporation has adequate information to enable it to discharge its financial responsibilities.

1.12 **Financial Procedures Manual** - detailed manual setting out how the Financial Regulations will be implemented.

## **2. INTRODUCTION**

- 2.1 The College is a further education corporation created under the provisions of the Further and Higher Education Act 1992. Its structure of governance is laid down in the instruments and articles of governance. The College is accountable through its corporation.
- 2.2 The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011.
- 2.3 The financial memorandum between the Funding Provider and the Corporation sets out the terms and conditions on which funding is made. The Corporation is responsible for ensuring the conditions of funding are met. As part of this process, the College must adhere to the Funding Board code of practice which require it to have sound systems of finance and management control.

## **3. STATUS AND PURPOSE OF FINANCIAL REGULATIONS**

- 3.1 These Financial Regulations provide a framework of accounting and financial controls within which staff of the College must operate to protect accountability of public funds, ensure value for money is achieved and that resources are applied properly for the achievement of the College's strategic aims and objectives.
- 3.2 Compliance with the Financial Regulations is compulsory for all staff and Governing Board members connected with the college. Failure to comply with any terms of these Financial Regulations is a disciplinary offence and may be dealt with under the College's Disciplinary Procedures.
- 3.3 It is the responsibility of employing managers to ensure that their staff are made aware of the existence and contents of the college's Financial Regulations.
- 3.4 These Financial Regulations are determined by the Governing Board under power conferred by the Articles of Government. These regulations are subordinate to any restrictions within the Financial Memorandum between the Governing Board and the Department for Education and the Audit Code of Practice.
- 3.5 The Finance, Resources and Investment (FRI) Committee is responsible for maintaining a continuous review of the Financial Regulations, through the Deputy Principal. The Committee must approve any changes and amendments to the Financial Regulations

## **4. FINANCIAL RESPONSIBILITIES**

- 4.1 The respective responsibilities of the Governing Board and the Principal are set out in the College's Instrument and Articles of Government. The role of the Governing Board is to set objectives for the College, to determine the limits on the Principal's discretion to act, to monitor the performance of the College, the Principal and itself and to be accountable to the College's stakeholders. The role of the Principal is to manage the College towards the objectives set by the Governing Board and within the limits they have prescribed. As Accounting Officer, the Principal is responsible for the College's application of public funds.
- 4.2 The financial responsibilities of the Governing Board include:
- Ensuring the solvency of the College and safeguarding the College's assets.
  - Ensuring that the financial, planning, and other management controls, including controls against fraud and theft, applied by the College are appropriate and sufficient to safeguard public funds.
  - Approving the appointment of the Financial Statements and Regularity Auditor and an Internal Audit Service.
  - Securing the efficient and effective management of all the College's resources and expenditure, capital assets and equipment, and staff, so that the investment in public funds in the College is not put at risk.
  - Ensuring that appropriate financial considerations are taken into account at all stages in reaching

decisions and in their execution.

- Planning and conducting its financial and academic affairs so that its total income is sufficient, taking one year with another, to meet its total expenditure.
- Approving a budget before the start of each financial year.

- 4.3 There shall exist in the College an Audit Committee and a Remuneration Committee, and in addition a further finance related committee to advise on financial, employment and estates matters, namely the Finance, Resources and Investment (FRI) Committee.
- 4.4 The Principal is required to take personal responsibility, which cannot be delegated, for ensuring the proper and effective operation of financial controls, and for giving effect to the Governing Board's policies for securing the efficient, economical and effective management of all the College's income, assets and expenditure.
- 4.5 The Principal is responsible for preparing a budget for consideration and approval by the Governing Board and for managing the College within the budget approved by the Governing Board.
- 4.6 To assist the discharge of their responsibilities, the Principal is empowered to designate members of staff as Budget Holders. Budget Holders shall be responsible for the control and monitoring of expenditure within budgets allocated to them. Budget Holders are responsible to the Principal for ensuring that the action which they take is in accordance with the Financial Regulations.
- 4.7 The Deputy Principal is responsible to the Principal for advising on the financial aspects of the College's policy and on the financial administration of the College and for ensuring that the College has satisfactory systems of financial control and management.
- 4.8 The Deputy Principal shall be responsible to the Principal for preparing annual and monthly accounts for the College. The annual accounts shall be prepared in accordance with guidelines issued by the Department for Education and conform to recommended accounting practice.
- 4.9 The Finance, Resources and Investment (FRI) Committee has the duty under its terms of reference to consider, review and advise the Governing Board on the annual accounts. The Audit Committee has the duty under its terms of reference to advise the Governing Board on control issues included in the Financial Statements and Regularity Auditor's management letter and management's response to this.
- 4.10 The annual financial statements shall be submitted to the Finance, Resources and Investment (FRI) Committee for consideration (with the auditor's management letter for information) and the auditor's management letter shall be submitted to the Audit Committee for consideration (with the annual accounts for information). The annual financial statements shall then be submitted to the Governing Board for formal approval and for signature by two members of the Governing Board, one of whom shall be the Chair or Vice Chair.
- 4.11 The College's financial statements, financial records, operations and systems shall be subject to audit in accordance with best audit practice, the provisions of the Further and Higher Education Act 1992 and with the directive and requirements of the Department for Education.
- 4.12 The College Internal Audit Service (IAS) shall comply with the terms of reference set out in the Framework for auditors and reporting accountants. The role of the Internal Audit Service is to provide management with an objective assessment of whether systems and controls are working properly to achieve management's objectives.
- 4.13 The Financial Statements and Regularity Auditor shall be recommended for appointment by the Audit Committee to the Governing Board in accordance with the provisions of the Further and Higher Education Act 1992 and the directives and requirements of the Department for Education.

- 4.14 The Financial Statements and Regularity Auditor shall have the right to access any minutes, books, documents or other information kept by the College.
- 4.15 The College's self-assessment statement of assurance in relation to the work carried out by the College on its learner numbers shall be submitted to the Audit Committee and to the Internal Audit Service who shall both consider what level of assurance shall be placed on this statement.
- 4.16 At the conclusion of the financial statements audit an audit certificate on the College's financial statements shall be submitted to the Governing Board. In addition, a detailed audit report shall be prepared for consideration by the Audit Committee and Governing Board and for submission to the Department for Education.

## **5. RISK MANAGEMENT**

- 5.1 The Principal shall prepare a Risk Register and Action Plan which shall be reviewed and updated in accordance with the Risk Management policy as approved by the Board.

## **6. CODE OF CONDUCT – IRREGULARITIES, FRAUD, CORRUPTION AND WHISTLE BLOWING**

### **6.1 Maintenance of Highest Standards of Honesty and Integrity**

- 6.1.1 The Governing Board is committed to the maintenance of the highest standards of honesty and integrity within the College and to the eradication of any instances of irregularity and fraud. Members of the Corporation and senior management are required to disclose interests in the College's register of interests, and to update the register as appropriate.
- 6.1.2 The College expects that staff at all levels will act in the best interests of the College and observe the College Code of Conduct which reflects the seven principles of public life – selflessness, integrity, objectivity, accountability, openness, honesty, leadership.

### **6.2 Reporting Allegations or Concerns**

- 6.2.1 The College's Financial Statements and Regularity Auditor has a duty to plan and conduct the Financial Statements and Regularity Audit so that there is a reasonable expectation of detecting material misstatements in the accounts arising from irregularities, including fraud, or breaches of regulations. Where the Financial Statements and Regularity Auditor identifies a serious weakness or an accounting or other control breakdown, it must be reported to the Principal, the Chair of the Governing Board and the Chair of the Audit Committee without delay.
- 6.2.2 The Head of the Internal Audit Service and Financial Statements and Regularity Auditor shall issue written procedures to the auditors on the action to be taken if they suspect or discover irregularity or fraud and should make appropriate arrangements to be informed by the College, as soon as possible, of all suspected or discovered fraud, whether internal or external. The chair of the Governing Board, Principal and Chair of the Audit Committee should also be informed.
- 6.2.3 Whistleblowing in the context of the Public Interest Disclosure Act 1988, is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence), breach of contract), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential, and whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 6.2.3 The Governing Board has approved a Whistleblowing Policy for College staff who, whether past or present, are encouraged to raise legitimate concerns without fear. All allegations or concerns should be raised internally in the first instance, orally or in writing, directly with the Director of Governance.
- 6.2.4 In cases involving the Director of Governance, matters should be raised directly with the Principal.

- 6.2.5 If the employee disagrees with the final decision, they may request, in writing through the Director of Governance or Principal, a review by the Governing Board.
- 6.2.6 Allegations or concerns from a student or member of the public shall be dealt with in the same way as an allegation or concern raised by a member of staff.
- 6.2.7 The College, its Internal Audit Service and, where appropriate, its Financial Statements and Regularity Auditor must report to the Department for Education, copied to the Chief Auditor, without delay, serious weaknesses, significant frauds, major accounting and other control breakdowns of which they are aware.

### **6.3 Investigating Allegations of Fraud**

6.3.1 The College maintains an Anti-Fraud and Anti-Bribery Policy which should be referred to when dealing with such matters. The investigation of allegations or concerns relating to fraud shall, in the first instance, be normally carried out by the line manager or the Deputy Principal as appropriate in conjunction with the Director of Governance except:

- In any case involving the Deputy Principal, the investigation shall be carried out by the Principal and the Director of Governance.
- In any case involving the Director of Governance, the investigation shall be carried out by the Principal in consultation with the Chair of the Audit Committee.
- In any case involving the Principal, the investigation shall be carried out by the Director of Governance in consultation with the Chair of the Audit Committee.

6.3.2 All matters reported by the Financial Statements and Regularity Auditor and Internal Audit Service shall be investigated by the Principal and Director of Governance except:

- In any case involving the Director of Governance, the investigation shall be carried out by the Principal in consultation with the Chair of the Audit Committee
- In any case involving the Principal, the investigation shall be carried out by the Director of Governance in consultation with the Chair of the Audit Committee.

6.3.4 In any case where the Governing Board considers that the above arrangements may not be satisfactory, the Governing Board may initiate a separate investigation by the Internal Audit Service or other outside Board.

6.3.5 The police shall be notified of all instances of actual irregularity of a criminal nature.

### **6.4 Communication**

6.4.1 In the case of any allegation or concern raised, the Director of Governance, or the Principal in any case involving the Director of Governance, shall send a written acknowledgement of the allegation or concern raised to the informant's home address. Thereafter, the informant shall be kept informed of the progress of the investigation and of the outcome.

6.4.2 All allegations and concerns raised, and the progress and outcome of the investigations shall be reported to the Audit Committee. All proven allegations shall be reported to the Governing Board.

## **7. BRIBERY**

7.1 The College has zero tolerance for bribery and corruption. The College's reputation with the community it serves, and other stakeholders is underpinned by ethical behaviour, financial probity and honesty.

- 7.2 In general terms the default position is that staff should not accept any gifts or rewards or benefits from third parties in relation to their work with the College subject to section 8 below.
- 7.3 All employees and associated persons are responsible for maintaining the highest standards of business conduct and are expected to behave honestly and with integrity.
- 7.4 The College prohibits employees and associated persons from offering, giving, soliciting or accepting any bribe. The bribe might include cash, a gift or other inducement, to or from any person or organisation, wherever they are situated, and irrespective of whether they are a public official/Board or private person or company, by any individual governor, employee, agent or other person or Board acting on the College's behalf. The bribe might be made to:
- Gain any commercial, contractual or regulatory advantage for the College in a way which is unethical.
  - Gain any personal advantage, pecuniary, or otherwise, for the individual or anyone connected with the individual.
- 7.5 This applies to all employees and anyone acting for, or on behalf of, the College ("associated persons"), including Governors, other volunteers, temporary workers, consultants and contractors.
- 7.6 Employees and associated persons are requested to remain vigilant in preventing, detecting and reporting bribery. Employees and associated persons are expected to report any concerns regarding any suspected bribery in accordance with the College's procedures contained in the Anti-Fraud and Anti-Bribery Policy.

## **8. HOSPITALITY, GIFTS AND GOVERNORS' EVENTS**

### **8.1 Receipt of Hospitality and Gifts**

- 8.1.1 Staff may accept gifts or hospitality of modest value such as diaries and pens etc and may accept refreshments and food arising while on College business or dinners when representing the College, but must not accept corporate hospitality or entertainment designed by third parties to reward or influence staff of the College with whom they are conducting business or purchasing goods and services.
- 8.1.2 Gifts received from students can be accepted as long as they are modest and represent small tokens of appreciation and gratitude. It is very important that on internally assessed courses that any gift cannot be perceived or portrayed as possibly having an influence on assessment decisions.
- 8.1.3 Gifts and Hospitality over the value of £45 must be declared and added to the Gifts Register maintained by the Director of Governance. If a member of staff is concerned about a gift they should refer and discuss the matter with their Line Manager. The default position is to refuse a gift unless it causes offence to do so.
- 8.1.4 The Gifts Register will be reviewed annually by the Audit Committee.

### **8.2 Dispensing of Hospitality by Staff and Governors**

- 8.2.1 Any member of staff or governor wishing to dispense hospitality must obtain authorisation by a Budget Holder (the Principal shall authorise hospitality if the person wishing to dispense hospitality wishes to do so from their own budget).
- 8.2.2 Hospitality must only be dispensed if it is in connection with College business and if the persons receiving the hospitality are from outside the College. The exception being members of the Governing Board and its Committee meetings.
- 8.2.3 The Principal shall have delegated authority to approve a small number of events over the course of

a year for staff, students, visitors and prospective students such as openings, exhibitions, welcome days and other promotional events. At such events, the responsible use of alcohol may be permitted, subject to the express prior approval of the Principal.

### **8.3 Governing Board Events**

8.3.1 Arrangements for Governing Board events, training sessions, seminars and similar shall be approved by the Chair of Governors. Reasonable levels of refreshments including alcoholic drinks may be provided at purely social events such as farewell functions. However, alcohol shall not be permitted at meetings of the Governing Board, Committees or training events.

## **9. Money Laundering**

9.1 The College maintains an Anti-Money Laundering Policy. Money laundering legislation applies to ALL employees. Potentially any member of staff could commit an offence under the money laundering laws if they suspect money laundering or if they become involved in some way and do nothing about it. All staff must avoid handling any money, goods or other items known or suspected to be associated with the proceeds of crime or becoming involved with any services known or suspected to be associated with the proceeds of crime. If any individual suspects that money laundering activity is or has taken place, or if any person becomes concerned about their involvement, it must be disclosed as soon as possible as per the Anti-Money Laundering Policy.

9.2 Failure to report money laundering concerns or "tipping off" anyone who may be involved in the situation may result in the member of staff being personally liable to prosecution under the 2007 Regulations.

9.3 If a person suspects money laundering activity or becomes concerned about their involvement, then they should use the Money Laundering Report Form at the end of the Anti-Money Laundering Policy to report the concern, giving as much information as possible, in writing, and without delay.

## **B: FINANCIAL MANAGEMENT AND CONTROL**

### **10. FINANCIAL PLANNING**

#### **10.1 Budget Preparation**

10.1.1 The Principal is responsible for the preparation of the annual revenue budget and capital budget for consideration and approval by the Governing Board prior to the commencement of each financial year.

10.1.2 The annual budget will be considered in detail by the Finance, Resources and Investment (FRI) Committee and approved by Governing Board. The annual estimates shall include a statement of the principal assumptions on which the budget has been based, a cash flow forecast to the year-end and a projected year-end balance sheet.

#### **10.2 Approval**

10.2.1 The Governing Board shall not delegate the approval of the annual budget of income and expenditure. The Governing Board shall be asked to determine, by resolution, the approval of the annual budget of income and expenditure prior to the commencement of the relevant financial period. If an update is required during the financial period, it becomes effective from the date on which it is approved by the Governing Board.

#### **10.3 Authorisation**

10.3.1 Once the Governing Board has approved the annual estimates of income and expenditure, the Principal is authorised to incur expenditure in accordance with the Financial Regulations.

10.3.2 The Principal shall ensure that detailed departmental budgets are prepared consistent with the budget approved by the Governing Board and that these are communicated in writing to Budget Holders as soon as possible following the approval of the budget by the Governing Board.

#### **10.4 Capital Spending**

10.4.1 The Principal shall prepare a capital programme that includes all expenditure on land buildings, equipment, furniture and associated costs, where the costs of purchase are greater than £1,000 and all items having a life expectancy of one year or more. The programme will include items whether they are funded from capital grants or capitalised for inclusion in the College's financial statements. This capital programme shall be approved by the Governing Board.

### **11. FINANCIAL CONTROL**

#### **11.1 Budget Monitoring**

11.1.1 The Principal shall be accountable to the Governing Board for effective budgetary control within the approved revenue and capital budgets. The Principal shall be required to submit periodic reports, as determined by the Governing Board, to the Finance, Resources and Investment (FRI) Committee or Governing Board outlining actual income and expenditure in comparison to estimate, and to highlight and explain significant variances. These periodic reports shall include monthly (other than for August, and September) management accounts to be circulated within 15 working days of the month end.

11.1.2 Accounts for July, being the year-end, will be delivered before the end of August each year and will be subject to changes following the statutory financial audit. Accounts for August and September will not be produced to enable preparation of the annual financial statements. Performance in this period will be monitored through weekly cash flow performance and projections review. The Principal shall liaise with the Chair of the Finance, Resources and Investment (FRI) Committee in any month for which management accounts are not (for whatever reason) to be produced.

11.1.3 Designated Budget Holders are responsible to the Principal for the control of expenditure from the budgets delegated to them. They are responsible for the day-to-day management of budgets and must ensure that:

- All income targets are fulfilled
- All expenditure against the budget is authorised and funds have only been used for the purpose for which they were allocated.
- Monitoring expenditure and commitment of expenditure during the year with reference to the budget for the year.
- Reporting as soon as possible to the Deputy Principal if it is foreseen that the budget will be overspent and/or income not achieved.

11.1.4 Budget Holders will be assisted in their duties by management information provided by the Finance Department.

#### **11.2 Virement**

11.2.1 The Principal shall be permitted to exercise virement between the main revenue budget heads (except any specifically excluded by the Governing Board) within the overall budget approved by the Governing Board provided:

- The virement is reported to the next meeting of the Finance, Resources and Investment (FRI) Committee or Governing Board.
- The virement does not significantly affect the overall financial position of the College in the current or any subsequent year.

#### **11.3 Budget Revision**

11.3.1 Revision to the revenue and capital budgets, including any grant funded schemes received during the financial year, shall require the approval of the Governing Board.

11.3.2 The budget for the year will be formally reviewed in November each year following the main enrolment period for the College. This is referred to as the Control Budget.

## **12. ACCOUNTING ARRANGEMENTS AND POLICIES INCLUDING TAXATION**

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

12.2 The Deputy Principal will review annually the overall accounting procedures in conjunction with the financial statements and internal auditors to ensure they remain appropriate for the College needs and are in accordance with statutory requirements and accounting bodies' recommendations of best practice.

12.3 The Principal shall be responsible for ensuring compliance with all statutory requirements in relation to taxation issues including those concerning VAT, PAYE, national insurance and corporation tax and other duties.

12.4 The Principal or nominee shall be responsible for the maintenance of the College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

## **13. AUDIT REQUIREMENTS**

### **13.1 General**

13.1.1 External 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 institution.
- 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 institution property under their control.
- Access records belonging to third parties, such as contractors, when required.

13.1.2 The Deputy Principal is responsible for drawing up a timetable for the preparation of the final accounts and will advise staff and the external auditors accordingly.

13.1.3 The Audit Committee is responsible for recommending to the Governing Board that the audit process has provided suitable assurance to allow formal approval of the financial statements. The FRI Committee must also review and approve the financial statements and recommend for approval of the statements to the Governing Board based on its own review and opinion of the Audit Committee.

### **13.2 External audit**

13.2.1 The appointment of external auditors for the main financial statements of the College will take place at least every three years with an option to extend for a further two years up to a maximum of five years in line with College Financial Handbook. Approval of the award of contract and extensions is the responsibility of the Governing Board. The Governing Board will be advised by the Audit Committee.

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

13.2.3 In addition, the funding Board may appoint separate auditors to carry out an external audit of the College's Learner Record returns. The primary role of this audit is to give assurance that the institution's funding claim is accurate within certain agreed tolerances. This work will also help the external auditors of the institution in their work on the income elements of the financial statements.

### 13.3 Internal audit

13.3.1 The appointment of internal auditors will take place at least every three years with an option to extend for a further two years up to a maximum of five years in line with the College Financial Handbook. Approval of the award of contract and extensions is the responsibility of the Governing Board. The Governing Board will be advised by the Audit Committee.

13.3.2 The institution's financial memorandum with the funding Board requires that it has an effective internal audit function, and their duties and responsibilities must be in accordance with advice set out in the funding Board's audit code of practice. The main responsibility of internal audit is to provide the Governing Board, the Principal and senior management with assurance on the adequacy of the internal control system.

13.3.3 The internal audit service remains independent in its planning and operation but has direct access to the Governing Board, Principal and Chair of the Audit Committee. The internal auditor will also comply with the Auditing Practices Board's auditing guideline Guidance for Internal Auditors.

### 13.4 Value for money

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

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

### 13.5 Other auditors

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

## 14. BANKING

14.1 All arrangements with the College bankers concerning the College's bank accounts and the issue of cheques and BACS transfers shall be made by the College's Deputy Principal on behalf of and with the approval of the Governing Board.

14.2 The appointment of the College bankers shall be for a specific period after which consideration shall be given by the Finance, Resources and Investment (FRI) Committee to competitively tendering the service.

14.3 The appointed bankers shall be authorised to honour the signatures of the under mentioned office holders on all documents relating to the College's accounts:

- Chair of Governors
- Principal
- Deputy Principal
- Director of Governance
- Assistant Principals – Curriculum

- Head of Finance

14.4 All amounts must be authorised by two signatories. For amounts up to £6,000, one of the authorising signatories must be the Principal or the Deputy Principal. For amounts exceeding £6,000, the authorising signatory is the Principal, plus, the Deputy Principal.

14.5 Any change in banking arrangements shall be subject to the College's tender procedures and authorised by the Governing Board.

14.6 The Deputy Principal shall be responsible for undertaking ongoing reconciliations from the bank account to college records.

#### **14.7 Banking**

14.7.1 The Deputy Principal shall be responsible for the security and prompt banking of monies received. All monies received on behalf of the College shall be banked in a secure manner using a recognised security firm or secured appropriately if not banked.

14.7.2 All monies received on behalf of the College must be banked on a weekly basis and more frequently if insurance limits on tills and safes are likely to be exceeded.

#### **14.8 Authorised Payment Processors**

14.8.1 Only approved and secure payment processors are permitted for use in handling transactions. These include:

- Stripe: For online payments.
- Worldpay: For in-person and online payments.
- SumUp: For in-person payments, especially for physical point-of-sale (POS) transactions.

14.8.2 A list of authorised processors will be maintained and reviewed periodically.

14.8.3 Any other third-party services must undergo the approval of the Deputy Principal before use. The Deputy Principal is responsible for ensuring that payment processing services meet security, compliance, and operational standards.

14.8.4 Transactions processed via payment processors will be regularly monitored by the Finance Department for signs of fraud, chargebacks, or inconsistencies.

14.8.5 A list of authorised processors will be maintained and reviewed periodically.

14.8.6 The College will regularly assess the fees and transaction costs associated with each payment processor to ensure the most cost-effective options are being used. All fees must be clearly communicated to both customers and relevant internal stakeholders.

### **15. TREASURY MANAGEMENT: INVESTMENT AND BORROWING**

#### **15.1 Investments**

15.1.1 The Governing Board shall review annually the strategy and parameters for cash management and longer-term investment of funds which are not required to meet the College's immediate spending commitments.

15.1.2 The Deputy Principal shall have delegated power to invest surplus cash on a day-to-day basis in accordance with the Treasury Management policy.

15.1.3 All new longer-term investments shall be approved by the Principal and be in accordance with the Treasury Management policy.

**15.2 Borrowings**

15.2.1 Consent for any new borrowings and/or amendments to existing borrowings must be sought from the Deputy Principal who in turn must obtain consent from DfE. This includes additional usage of existing overdraft, revolving credit facilities, drawdowns of existing term loans, changes relating to the term of a loan, repayment profile changes, interest rate changes outside of existing agreements or providing additional security.

15.2.2 Any new borrowing requires prior written consent from DfE.

15.2.3 Borrowing for any period shall require the authorisation of the Governing Board.

**15.3 Cash flow Projections and Monitoring**

15.3.1 The Deputy Principal shall be responsible for preparing and updating each month a projection of the College’s cash flow and reporting significant variances to the Principal and the Governing Board via the monthly management accounts.

**16. EXPENDITURE**

**16.1 General**

16.1.1 The Principal is responsible for all payments made by or on behalf of the College. The Principal shall approve all payment procedures.

**16.2 Procurement and Contract Management**

16.2.1 The procurement of goods, services or works by the College is subject to UK legislation and failure to comply can result in serious delay, financial penalties, or both. All procurement must therefore be carried out in accordance with the College’s Procurement Policy and Tender Procedures (see Appendix 1). Individuals requesting the goods, services or works will be responsible for their correct specification and evaluation in accordance with those procedures.

16.2.2 Goods and services purchased by the College should be obtained expeditiously and economically. Budget holders shall ensure that purchases are made at the most favourable rate by obtaining estimates on the basis of the best value for money against the criteria set in the specification. The requirements that should be followed are as follows:

| Value of contract (excl. VAT) | Requirements and associated orders   |
|-------------------------------|--|
| Up to £2,000                  | Budget holder shall use good sense as to the need to obtain information in addition to an estimated price from a supplier. |
| £2,000- £25,000               | A minimum of three written quotations shall be required.   |
| Over £25,000                  | A minimum of three tenders shall be requested in accordance with the College’s tender procedures                           |

16.2.3 The value of the contract is calculated as the total anticipated value over its full term, including any consumables and associated services.

16.2.4 Exceptions to the above requirements for individual purchases shall require the approval in writing of the Principal and the Deputy Principal.

16.2.5 For expenditure estimated to be over £25,000 excluding VAT at least three comprehensive tenders must be requested unless prior approval for fewer tenders has been given in writing by the Principal. Specific tender procedures can be found in Appendix 1.

### 16.3 Purchasing Arrangements

16.3.1 The Principal shall be responsible for the College's purchasing arrangements.

16.3.2 The ordering of goods and services shall be in accordance with the Colleges purchasing policies. Official College orders must be placed for the purchase of all goods and services except those made using College credit cards or petty cash or those purchases classed as one-off purchases.

16.3.3 A purchase may be classified as one-off only where:

- It is genuinely non-recurring
- It does not form part of a wider programme of expenditure
- There is no reasonable expectation of repeat expenditure

16.3.4 The College's Deputy Principal shall maintain a register of authorised Budget Holders together with specimen signatures.

16.3.5 Only in **exceptional circumstances**, may urgent orders be given orally, these must be confirmed by an official purchase order as soon as possible and no later than the following working day.

16.3.6 Each order must clearly indicate the nature and quantity of the supplies and services required, the budget and cost code, the estimated price excluding VAT and any agreed discounts and other relevant details such as delivery date and address.

16.3.7 Orders may only be issued through official systems having been raised in compliance with the College's Financial Procedures. Access to systems shall be kept secure at all times.

16.3.8 Contracts exceeding £100,000, or considered strategically significant, shall be classified as Higher Value Contracts. Such contracts shall:

- Have a named Contract Owner
- Include clearly defined key performance indicators
- Be subject to formal annual review
- Be recorded on a Higher Value Contract Register, held by the Deputy Principal.

16.3.9 All contracts or orders entered into on behalf of the College shall be approved and authorised in accordance with the College's delegated authority limits. These can be found in Appendix 2.

### 16.4 Purchasing/Credit Cards

16.4.1 The operation and control of the College's purchasing/credit cards is the responsibility of the Deputy Principal.

16.4.2 The Deputy Principal will approve the issuing of purchasing cards to staff. Each procurement card has a set transaction limit with a maximum monthly limit of £4,000. The only exception being the College Corporate cards which are held by the Head of Finance and the Head of Marketing. The Head of Finance maintains a register of all cardholders, card numbers and locations. Any change to these details must be notified to the Head of Finance. Card holders must sign the standard declaration form to acknowledge receipt of the card and confirm acceptance of the Financial Regulations and Procedures.

16.4.3 Purchasing/credit cards must only be used for the purposes for which they have been issued and within the authorised limits. Cards will be issued only where a role requires the flexibility that a purchasing card provides.

16.4.4 Cards must not be loaned to another person, nor should they be used for personal or private purchases

and the misuse of such cards shall be grounds for disciplinary action.

- 16.4.5 Where alternative arrangements exist, such as approved travel agents, business accounts with hotels, or pre-paid travelcards, these should be used in preference to purchasing/credit card wherever possible.
- 16.4.6 Cards may not be used for the purchase of fuel for journeys on college business. Fuel and travel claims will be reimbursed in accordance with the Business Expenses protocol.
- 16.4.7 Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs. All expenditure on College cards must be supported by bona fide receipts, and the card statement should be cross checked and authorised by the card holder's line manager, or in the case of the Principal, the Chair of the Governing Board.
- 16.4.8 The Deputy Principal shall determine the information required to support purchasing card transactions and deadlines for submission to the Finance Department in order to maintain effective financial control.
- 16.4.9 All purchases must be approved in line with the thresholds set out in Appendix 2.

## **16.5 Authorising Invoices for Payment**

- 16.5.1 All invoices must be authorised by the relevant Budget Holder.
- 16.5.2 The Deputy Principal, as the Principal's nominee, shall be responsible for the arrangements for the examination, verification and certification of invoices for payment and for the allocation of expenditure to the relevant head of account.
- 16.5.3 The Deputy Principal shall be responsible for the payment of all invoices.
- 16.5.4 Payments will only be made against those invoices which have been authorised for payment by the appropriate Budget Holder.
- 16.5.5 The College must endeavour to settle undisputed suppliers' invoices within agreed terms of trade and in any case within 30 days.

## **16.6 Method of Payment of Invoices**

- 16.6.1 By cheque according to authorised signatories and limits as designated in Appendix 2.
- 16.6.2 By BACS according to authorised signatories and limits as designated in Appendix 2. Two signatories are required to release BACS online.

## **16.7 Alternative Purchasing Arrangements**

- 16.7.1 The College may make use of alternative suppliers, such as Amazon in order to buy goods on behalf of the College. Such suppliers will be administered within the Finance Department.
- 16.7.2 Alternative purchasing arrangements must reflect the authorised signatories and limits as designated in Appendix 2.
- 16.7.3 Budget holders must not use personal Amazon accounts for College business, or vice versa.

## **17. SALARIES AND EXPENSES**

### **17.1 Salaries**

- 17.1.1 The Principal or their nominee shall appoint those permanent staff, excluding designated Senior Post holders whose appointments are the responsibility of the Governing Board, where financial provision

has been made in the approved budget.

- 17.1.2 The Principal or their nominee may also appoint temporary staff, where budgetary provision is available to meet the cost, on a fixed-term contract basis.
- 17.1.3 The Principal or their nominee shall be responsible for the maintenance of all personnel records and for the provision of relevant information to enable all salaries, wages, pensions and other emoluments to be paid.
- 17.1.4 The preparation of payrolls and the payment of salaries, wages and other emoluments to employees of the College shall be the responsibility of the Deputy Principal and shall be undertaken in accordance with arrangements approved by the Governing Board.
- 17.1.5 Time records or other pay documents shall be in a form agreed by the Principal and shall be certified by such officer(s) of the College as authorised by the Principal.
- 17.1.6 All College employees shall be paid according to the salary scales approved by the Governing Board.
- 17.1.7 All letters of appointment or variations in conditions of service must be issued by the Principal or the Head of Human Resources. The Principal shall ensure that there are satisfactory arrangements in place to notify the Human Resources Department of all commencements, variations and terminations.

## **17.2 Expenses**

- 17.2.1 Claims for expenses incurred by staff and governors of the College in carrying out official duties, shall be paid at rates authorised by the Principal and submitted using official College systems and forms as outlined in the Travel Expenses and Subsistence Policy which can be found on the staff intranet.
- 17.2.2 The annual cost of travel and subsistence expenses incurred by the Principal, other Senior Post holders and Governors shall be reported in the College's annual financial statements.
- 17.2.3 Expense claims shall be authorised in accordance with College delegated authority limits. These can be found in Appendix 2.
- 17.2.4 Prior approval of the Governing Board shall be required for any proposed foreign travel on behalf of the College by Senior Post holders and the Governing Board. The FRI Committee will receive an annual report of the costs of all overseas trips. The FRI Committee may determine to receive more regular or detailed reports depending on the amounts involved. The Chair will approve in advance all overseas Travel by the Principal.
- 17.2.5 Cash advances to staff for expenses shall be permitted provided they are authorised as per paragraph 17.2.3 and the expenditure accounted for at the earliest opportunity. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.
- 17.2.6 The Deputy Principal shall ensure that all statutory returns and payments are made on time and are complete and accurate.

## **17.3 Compensation, severance and ex-gratia payments**

- 17.3.1 Compensation payments where the non-statutory element of the compensation is under £50,000 the Corporation, via the Governing Board, has authority to authorise.
- 17.3.2 The Governing Board can authorise individual payments where the non-statutory element is under £50,000 or under 3 months gross salary whichever is lower subject to the exit package, including a special staff severance payment, being below £100,000 in total and the employee earns under £174,999.

Exit packages which include a special severance payment and are at or above £100,000 or the employee earns over £174,999 require DfE consent.

17.3.3 The College has no delegated authority to make any non-contractual, ex-gratia or other payments with approval being required referred to the DfE.

## **18. PETTY CASH**

18.1 The Deputy Principal shall provide petty cash floats as appropriate to officers that they nominate.

18.2 A nominated officer granted a cash float is personally responsible for the safe custody of the float. The petty cash box must be kept 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 Finance Department. The level of floats held shall be determined by the Deputy Principal.

18.3 Standard College petty cash records are supplied by the Finance Department and must be used for recording all imprest accounts. Reconciliations shall be carried out on a regular basis.

18.4 Payments from petty cash shall be properly certified and shall be limited to minor items of expenditure, not exceeding £100 in any one case. Advances from petty cash in excess of £100 but less than £500 in relation to any one case may be made on the specific authorisation of the Deputy Principal, or nominee. Claims shall be held and maintained by the Deputy Principal or nominee.

18.5 No payments shall be made from petty cash floats which could be paid through the normal creditor payments procedure. Cash floats shall not be used for normal staff travel or subsistence expenditure.

18.6 No income received on behalf of the College shall be paid into a petty cash float unless authorised by the Deputy Principal.

18.7 A nominated officer responsible for a petty cash float shall, if so requested, provide to the Deputy Principal a statement showing the current state of the float.

18.8 A certificate of the balance of the float shall be provided at 31 July each year countersigned by a member of the Finance Department and submitted to the Deputy Principal. All floats will be returned to Finance before the Summer break.

18.9 The Deputy Principal shall ensure that, where a nominated officer leaves the employment of the College, the petty cash float is properly handed over to the officer's successor.

## **19. INCOME**

### **19.1 General**

19.1.1 The Deputy Principal 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, or other official documents in use must have the prior approval of the Deputy Principal.

19.1.2 The Deputy Principal is responsible for ensuring that all grants notified by the Funding Provider and other bodies are received and appropriately recorded in the College accounts.

19.1.3 Any bids made by the College for capital or revenue funding will be notified to the Finance, Resources and Investment Committee.

19.1.4 The Principal will sign all contracts for capital (e.g. T-Level investment grants, Condition improvement grants) and revenue funded projects (e.g. Strategic Development Funds, Local Skills Investment Funds) irrespective of value.

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

## **19.2 Receipts**

19.2.1 Every sundry remittance or sum of money received by an officer on behalf of the College shall be acknowledged by the issue of a till receipt. The Deputy Principal shall be responsible for the control of the cash tills system.

## **19.3 Postal Opening**

19.3.1 Incoming mail shall be opened by a minimum of two members of staff. Private and Confidential remains private and confidential. All post for Governors shall be passed unopened to the Director of Governance and for the Principal shall be passed unopened to the Principal who will deal with it accordingly. The College must not be used as a personal postal address by any staff members.

19.3.2 Remittances received by post on behalf of the College shall be recorded directly onto the financial system through the relevant system.

## **19.4 Fees, Charges and Student Loans**

19.4.1 The Principal, in consultation with the Deputy Principal shall undertake an annual review of charges, loans and fees in accordance with the Fee and Refunds policy approved by the Finance, Resources and Investment (FRI) Committee.

19.4.2 The procedure for collecting tuition fees must be approved by the Deputy Principal. They are responsible for ensuring that all student fees and loans due to the College are received.

19.4.3 The Deputy Principal is responsible for reporting on all outstanding fees and commissioning debt collection services for fees not paid for by students. Any student who has not paid an account for fees or loans or any other item owing to the College may be prevented from re-enrolling at the College and from using any of the College's facilities or from receiving their exam certificates.

## **19.5 Funds Received for Specific Purposes**

19.5.1 The Principal shall be responsible for ensuring that any funds received for specific purposes are used for those purposes and in accordance with any terms and conditions attached to them (e.g. Capital Grants).

## **19.6 Invoicing and Debt Collection**

19.6.1 All requests for payment for goods or services provided by the College shall be by official College invoice issued by the Finance Department, excepting Tyro Training. Other departments are not permitted to raise any form of invoice on behalf of the College.

19.6.2 Budget Holders and others concerned with the generation of income shall ensure that notification of the need for a sales invoice is given to the finance department for all income due to the College as soon as the service is provided, or earlier if circumstances permit. The approval of the Deputy Principal is required for any departure from the College's invoicing system.

19.6.3 Appropriate debt recovery procedures shall be determined by the Principal in discussion with the Deputy Principal and shall be subject to approval by the Finance, Resources and Investment (FRI) Committee or Governing Board.

19.6.4 The authority for writing off bad debts is as follows:

- Individual debts up to and including £500, the Deputy Principal

- Individual debts in excess of £500, the Deputy Principal and the Principal
- Total debts written off in the year to be reported annually to the Finance, Resources and Investment Committee (FRI) or Governing Board for information.
- Any individual write-off that exceeds £45,000 or 1% of annual income (whichever is smaller) requires DfE approval.
- Cumulative write-offs within the academic year which exceed £250,000 or 5% of annual income (whichever is smaller) requires DfE approval.

## **19.7 Outside Income**

19.7.1 Employees of the College shall not accept any cash, cheques or monetary sum from any third party in relation to their work duties, other than for the purpose of depositing such sums in the College's official bank account or by arrangement with the Deputy Principal.

19.7.2 Staff who, with the College's consent, earn additional money in work time, through for example speaking at conferences or examination assessment or other similar work, shall pay such monies to the College. It is expected that travel and associated expenses will be paid by the outside Board.

## **20. INSURANCE**

20.1 The Principal or nominee shall, within the policies determined by the Governing Board, effect such insurances as are from time to time considered necessary to cover risks to which the College is exposed and shall negotiate and recover claims.

20.2 The Deputy Principal or nominee shall keep a register of all insurances effected by the College and the property and risks covered thereby.

## **21. ASSETS**

### **21.1 Land and Buildings**

21.1.1 The purchase (or disposal), lease or rent of land or buildings shall require the approval of the Finance, Resources and Investment (FRI) Committee or Governing Board.

### **21.2 Inventories**

21.2.1 The Principal shall be responsible for maintaining proper security of all buildings, furniture, equipment, plant, stores and all other assets of the College and shall ensure that such assets are recorded as appropriate on an inventory or otherwise in such manner as may be required by the Governing Board, having taken account of directives, requirements and guidance issued by the Department for Education.

21.2.2 Inventory items in excess of an agreed de minimus figure of £1,000 shall be included in inventories immediately on receipt and, where appropriate, they shall be clearly and permanently marked as the property of the College.

21.2.3 College property shall not be removed from College premises otherwise than in accordance with the ordinary course of the College's business or used otherwise than for the College's purposes, except in accordance with specific directions issued by the Principal.

21.2.4 The disposal of surplus materials, stores or equipment shall be approved by the Deputy Principal and must comply with any directives, requirements and guidance issued by the Department for Education.

### **21.3 Stocks and Stores**

21.3.1 The Principal shall be responsible for determining those departments required to maintain stock records.

21.3.2 The heads of those departments required to maintain stock records shall keep sufficient records of stock as are required for accounting, auditing, costing and financial record purposes in accordance with the procedures and format established by the Deputy Principal.

#### **21.4 Depreciation Policy**

21.4.1 Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

21.4.2 A detailed depreciation policy for the College is available in Appendix 3.

#### **21.5 Asset Disposal**

21.5.1 Disposal of equipment and furniture must be in accordance with procedures agreed by the Finance, Resources and Investment (FRI) Committee and College delegated authority limits, which can be found in Appendix 2.

21.5.2 Reasonable steps should be taken to obtain value for money with the disposal of surplus assets and materials with an estimated value in excess of £200.

21.5.3 Disposal of land and buildings must only take place with the approval and authorisation of the Corporation. The Deputy Principal is responsible for ensuring that the Funding Provider requirements are met.

#### **21.6 Use of College Vehicles and Assets**

21.6.1 Employees and others may only use vehicles owned or leased by the College for the purpose of College related business and must not be used for private use.

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

#### **21.7 Computer Systems and Equipment**

21.7.1 No system for the automatic processing or updating of the main financial, student and personnel data of the College shall be introduced without the prior approval of the Deputy Principal.

21.7.2 All Information Technology software and hardware purchases shall be approved by and agreed with the Head of IT to ensure it is compatible with and does not duplicate existing systems.

#### **21.8 Security**

21.8.1 Budget Holders are responsible for always maintaining proper security for buildings, stock, stores, equipment, furniture and cash under their control. They shall consult the Deputy Principal in any case where security is thought to be defective or where it is thought special security measures are required.

21.8.2 Appropriate measures should be taken to safeguard keys of any description. The loss of keys must be reported to the Deputy Principal.

21.8.3 The Deputy Principal is responsible for safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must be forwarded to the Deputy Principal. All such documents shall be held securely in a fireproof location and copies held in a separate location.

21.8.4 All staff must comply with the current Data Protection legislation and the College Data Protection Policy and be mindful of how, why, where and for how long data is stored through completion of the

relevant mandatory training modules.

21.8.5 Staff must be mindful of suspicious emails, be alert to attempts to defraud College and comply with IT guidance and controls. Suspicious links should not be opened and advice sought from IT or Line Managers.

## **22. FUNDS HELD IN TRUST**

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

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

### **22.2 Student Welfare and Learner Support Funds**

22.2.1 The Deputy Principal will prescribe the format for recording the use of student welfare funds.

22.2.2 Records of learner support funds will be maintained according to Funding Provider requirements.

## **23. INTELLECTUAL PROPERTY RIGHTS**

23.1 The copyright to all learning materials, documents and manuals prepared on behalf of the College shall remain the property of the College.

23.2 Members of staff may only use such copyright materials for other than College use with the permission of the Principal.

23.3 All monies received from the agreed use of copyright are due and payable to the College.

23.4 The Corporation shall ensure that every contract entered into on its behalf contains an appropriate clause to protect copyright.

## **24. MANAGEMENT OF CAPITAL PROJECTS**

24.1 Capital programs include all expenditure on land and buildings and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the College's Financial Statements. Expenditure of this type can only be considered as part of a capital program approved by the Governing Board via the annual budget process

24.2 The Principal will establish protocols for the inclusion of capital projects in the capital program for approval by the Governing Board. 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 (See also 10.4.1). The College shall, at all times, comply with any guidance given and requirements set out by the relevant Funding Board for capital projects.

24.3 The Principal will also establish procedures for the approval of variations to major capital programs, including the notification of large variations to the funding Board, as laid down in funding Board guidelines.

24.4 The Deputy Principal is responsible for providing regular statements concerning all major capital expenditure programs to the FRI Committee for monitoring purposes through the monthly management accounts.

24.5 All capital projects must be supported by a written business case using the template in Appendix 4

24.6 All capital projects must comply with any applicable grant allocations with all necessary returns completed to the applicable funding bodies in line with the terms of the grant allocations.

- 24.7 Tendering of capital purchases must follow the same process as outlined in section 16.2 and detailed in Appendix 1.
- 24.8 Capital purchase approvals must follow the same approval process as outlined in section 16.3 and the limits set out in Appendix 2.
- 24.9 Following completion of a major capital project, a post-project evaluation or final report should be submitted to the FRI Committee including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant funding Board, as laid down in funding Board guidelines.

## **25. GIVING OF INDEMNITIES, GUARANTEES AND LETTERS OF COMFORT**

- 25.1 Any member of staff asked to give an indemnity, for whatever purpose, should consult the Deputy Principal before any such indemnity is given.
- 25.2 Indemnities beyond the normal course of business, guarantees and letters of comfort in excess of 1% of annual income or £45,000 or 1% of annual income (whichever is smaller) individually and 5% of annual income for cumulative such contingent liabilities (subject to a ceiling for the academic year of £250,000) consent must be sought from DfE.

## **26. FREEDOM OF INFORMATION AND DATA PROTECTION**

- 26.1 The Principal shall appoint a Freedom of Information Officer whose responsibility shall be to ensure the College complies with the provisions of the Freedom of Information Act 2000.
- 26.2 An annual report relating to Freedom of Information will be made by the Deputy Principal to the Governing Board.
- 26.3 The Principal shall appoint a Data Protection Officer whose responsibility it shall be to ensure the College complies with the provisions of the General Data Protection Act.

## **27. LEGAL COSTS**

- 27.1 The only person who may normally incur legal costs on behalf of the College is the Principal or members of the Governing Board

## **28. INCOME GENERATING ACTIVITY**

### **28.1 Sub-contracting**

- 28.1.1 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, must be subject to a contract signed by the Principal and the partner before any provision is made.

### **28.2 Match Funding**

- 28.2.1 Such projects require the approval of the Principal prior to any commitment being entered into. Such approval shall be dependent upon the relevant College manager being able to demonstrate that eligible matching funds are available and that the project is financially viable by application of the college's costing and pricing policy.

### **28.3 Profitability, Recovery of Overheads and Deficits**

- 28.3.1 All income generating activities and projects must be self-financing or surplus generating unless it is intended that new provision is to be launched as a loss leader.

28.3.2 Income generating activities and projects must be costed and the budget agreed with the Deputy Principal 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.

28.3.3 Any unplanned deficits incurred will be charged to Divisional/Departmental budgets.

#### **28.4 Other Overseas activity**

28.4.1 In planning and undertaking any other overseas activity, including educational visits, the College must have due regard to any relevant guidelines issued by the funding Board. Such projects require the prior approval of the Principal before any commitment is entered into. Such approval will be dependent upon the relevant College manager being able to demonstrate that the project is financially viable by application of the college's costing and pricing policy and complies with the objectives of the College's Strategic Plan.

#### **29. Novel, contentious, and repercussive transactions**

29.1 The College has no delegated authority from the DfE, any transactions that may be considered novel, contentious and/or repercussive must be referred to DfE for prior approval.

29.2 Any transactions which are felt to be novel, contentious, or repercussive should be raised with the Deputy Principal to determine if DfE guidance and approval is required.

## **Appendix 1: Tender Procedures**

- For expenditure estimated to be over £25,000 excluding VAT at least three comprehensive tenders must be requested unless prior approval for fewer tenders has been given in writing by the Principal.
- Invitations to tender must be accompanied by comprehensive and clearly written specifications. They must contain a date and time beyond which tenders will not be accepted. All tenders received after the closing date must be returned to the tenderer unopened with an explanatory covering letter.
- Invitation to tender shall include instructions for the delivery of tenders (whether electronic or hard copy) as appropriate.
- Hard copy tenders must be sealed and returned to the Principal.
- Electronic tenders must be saved unopened in a clearly marked folder. The email title should be "TENDER", identifying the subject to which it relates. The subject must not include the name of the tenderer.
- Tenders should be opened by the Principal, or their nominee, in the presence of a member of the Governing Board and a senior member of staff acting as witness, at the appointed time not later than the first working day following the closing date. The prices quoted in the tender should be recorded immediately on a pre-prepared document schedule containing the name of the project or item together with the list of those invited to tender. The price should be recorded opposite the name of the appropriate tenderer. If a reply is not received from any of those invited to tender, this fact should be recorded on the schedule.
- On completion of the tender opening, the Principal or their nominee and the member of the Governing Board should sign all tenders and date the schedule.
- The contract should normally be awarded to the tenderer submitting the lowest price unless information has been received in the period between dispatch of invitations to tender and the tender opening which would, if known at the time invitations were dispatched, have disqualified the tenderer from being invited to tender. However, any final decision regarding the acceptance of a tender may be subject to non-financial considerations e.g. quality of the contractor's work.
- Where the lowest tender has not been accepted the reason should be noted on the schedule and the reason reported to the next meeting of the Finance, Resources and Investment (FRI) Committee.
- If deemed appropriate post tender negotiations may be entered into if there is a possibility of better overall value for the College being obtained.

## **Appendix 2: College Delegated Authority Limits**

### Purchasing

| <b>Value of order (excl. VAT)</b> | <b>Purchased Authorised by</b>                       | <b>Order/Contract Signed by</b>   |
|-----------------------------------|--|---|
| Up to £250                        | Budget Holder  | Budget Holder or Senior Manager   |
| Up to £6,000                      | Budget Holder and separate Senior Manager            | Deputy Principal or Head of Finance                                       |
| £6,001 to £25,000                 | Principal and either Budget Holder or Senior Manager | Principal and Deputy Principal  |
| £25,000- £100,000                 | Principal and either Budget Holder or Senior Manager | Principal and Deputy Principal  |
| Over £100,000                     | Principal or Senior Manager                          | Principal subject to Finance, Resources and Investment Committee approval |

### Employee expense claims

| <b>Claimant</b>             | <b>Authorised By:</b>                 |
|-----------------------------|---------------------------------------|
| Governors (excl. Principal) | Principal or Other Senior Post Holder |
| Principal                   | Chair or Vice-Chair of Governors      |
| Other Senior Post Holders   | Principal or other Senior Post Holder |
| Budget Holder               | Senior Leadership Team                |
| Other Staff                 | Budget Holder                         |

### Asset Disposal

| <b>Asset Value</b> | <b>Authorised by</b>                               |
|--------------------|--|
| £200 to £6,000     | Deputy Principal                                   |
| £6,001 - £15,000   | Deputy Principal and Principal                     |
| Over £15,000       | Finance, Resources and Investment (FRI) Committee. |

## **Appendix 3: Depreciation Policy**

- Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.
- Freehold buildings are depreciated on a straight-line basis over their expected useful lives as follows:
  - Freehold buildings 20 – 50 years
  - Major adaptations and Refurbishments 20 – 50 years
- Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.
- A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.
- Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.
- Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.
- Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.
- Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:
  - motor vehicles - 4 years
  - computer equipment - 3 years
  - IT infrastructure - 5 years (7 years as regards to Institute of Technology spend)
  - furniture, fixtures and fittings - 3 - 10 years
- The estimated useful life of an asset for depreciation purposes may be assessed on an individual basis or by reference to standard lives applicable for different categories of assets.
- Depreciation shall be charged from the month of acquisition. In the year of disposal, depreciation shall be charged up to the month of disposal.

## **Appendix 4 – Capital Project Approval Form**

|                           |                      |
|---------------------------|----------------------|
| <b>PROJECT NAME</b>       | Name of Project      |
| <b>LOCATIONS IN SCOPE</b> | Where it will impact |

|                          |
|--------------------------|
| <b>SUMMARY</b>           |
| Overview of the proposal |

|   |
|---|
| <b>PROPOSED SOLUTION</b>  |
| <ul style="list-style-type: none"><li>• What is planned</li><li>• Why this is being planned</li><li>• What it will solve</li><li>• Timescales</li><li>• Expected benefits</li></ul> |

|   |
|---|
| <b>DOWNSIDES / COMPLICATIONS</b>  |
| <ul style="list-style-type: none"><li>• What are the potential risks?</li><li>• What are the negative impacts (if any)?</li></ul> |

|  |
|--|
| <b>PROJECTED BUDGET</b>  |
| <ul style="list-style-type: none"><li>• How much does it cost?</li><li>• Is it a one-off cost (likely to be capital) or a longer-term commitment annually?</li><li>• If a longer-term commitment how long for and are there exit penalties if we want to withdraw?</li></ul> |

|   |
|---|
| <b>PROJECTED SCHEDULE</b>   |
| <ul style="list-style-type: none"><li>• When does it need to be implemented?</li><li>• When do you propose to start/finish?</li></ul> |

|  |
|--|
| <b>PROJECTED TEAM AND RESOURCE REQUIREMENTS</b>  |
| <ul style="list-style-type: none"><li>• Does it require staff time/additional support to implement?</li><li>• Will it result in wider disruption across the College?</li></ul> |

|                               |  |                           |  |
|-------------------------------|--|---------------------------|--|
| <b>ACCEPTANCE OF PROPOSAL</b> |  |                           |  |
| <b>AUTHORISED BY</b>          |  | <b>DATE OF ACCEPTANCE</b> |  |