



Financial Regulations

These Regulations have been approved by the Corporation of Croydon College and are subject to regular review. They may be waived by the Corporation in exceptional circumstances which will be formally approved by the Corporation in the usual way.

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SECTION 1 - INTRODUCTION

This document sets out the College's Financial Regulations. It translates into practical guidance the College's broad policies relating to financial control and is subject to regular review by the Board, via the Finance & Resources Committee.

These Financial Regulations are subordinate to the Instrument and Articles of Government and to any restrictions contained within the College's Conditions of Funding (Grant) (Colleges) with its funding agencies and the sector's Post-16 Audit Code of Practice.

Compliance with the Financial Regulations is compulsory for all staff connected with the College on both campuses. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the College's disciplinary policy. Any such breach will be notified to the Corporation through the Audit Committee. Attention is drawn to **Section 8.20** concerning the action that will be taken in the event of a breach of these regulations occurring.

It is the responsibility of all managers to ensure that their staff are made aware of the existence and content of the College's Financial Regulations, which are published on the College Intranet in the Finance team's documents and that an adequate number of copies are available for reference within their area of responsibility. The Finance & Resources Committee is responsible for maintaining a continuous review of the Financial Regulations and advising the Corporation of any additions or changes necessary.

These Regulations are supported by the College's detailed Financial Procedures which set out precisely how the Regulations will be implemented and are contained in a separate manual, which is available throughout the College and on the staff intranet, Finance team's section.

SECTION 2 - FINANCIAL CONTROL

2.1 The Corporation (Governing Body)

The College is a further education corporation created under the provisions of the Further and Higher Education Act 1992 and is an exempt charity by virtue of the Charities Act 2011. Its structure of governance is laid down in the Instrument and Articles of Government, which may be amended by the Corporation as set out in Article 13(1). The College is accountable through its Corporation, which has ultimate responsibility for the effectiveness of its management and administration.

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

- Ensure the solvency of the College;
- Safeguard the College's assets;
- Ensure the effective and efficient use of resources;
- Ensure that the funds provided by funding bodies are used in accordance with the terms and conditions specified in the College's contracts with those funding bodies;
- Ensure that financial control systems are in place and are working effectively;
- Ensure that the College complies with the ESFA Post 16-Audit Code of Practice (Post-16 ACOP);
- Approve the College's Strategic Plan;
- Approve annual budgets for income and expenditure and approve the annual financial statements;
- Set out clear terms of reference for the Audit Committee
- Appoint the College's Internal and External Auditors;
- Appoint, grade, suspend, dismiss and determine the pay and conditions of service for senior post holders as formally determined in the Articles of Government;
- Set a framework for the pay and conditions of the service of all other staff.

The Corporation may establish Committees to act on its behalf on the matters to which reference is made above. However, the Corporation may not delegate¹ the following:

- Ensuring the solvency of the College;
- Safeguarding the College's assets;
- Approving annual estimates of income and expenditure and approving the annual financial statements;
- Appointment and dismissal of the Principal, any senior post holder and the Clerk;
- Modifying or revoking of these Regulations.

¹ This list only includes non-delegable functions that relate to finance and resources. The full list can be found in Article 9 of the Corporation's Articles of Government.

2.2 Committee Structure

The Corporation has ultimate responsibility for the College's finances, but has chosen to operate via a number of Committees which are accountable to the Corporation, as follows:

- Finance and Resources;
- Learning and Quality, 2 committees, 1 for Coulsdon and the other for Croydon;
- Audit;
- Search & Governance;
- Remuneration.

Each Committee has formal Terms of Reference which are approved and updated by the Corporation. These detailed terms of reference are available from the Clerk to the Corporation. For the purposes of the College's Financial Regulations, the most important Committees are the Finance & Resources Committee and the Audit Committee.

2.3 Finance & Resources Committee

This Committee has responsibility for advising the Corporation on the financial aspects of the College's strategic plans and in monitoring the College's financial position.

2.4 Audit Committee

Colleges are required by their Conditions of Funding (Grant) (Colleges) with the ESFA and the Post 16 - Audit Code of Practice to establish an Audit Committee to advise the Corporation on the adequacy and effectiveness of the Corporation's assurance framework. In addition, it advises and support the corporation in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities.

The requirements of the Audit Committee are set out in the ESFA's Post-16 Audit Code of Practice, which include:

- 1) Assessing and providing the Corporation with an opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.
- 2) Advising the Corporation on the appointment, reappointment, dismissal and remuneration of the external auditor, reporting accountant and other assurance providers (if applicable) and establish that all such assurance providers adhere to relevant professional standards.

2.5 Audit Requirements

Financial Statements and Regularity (*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 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;
- Access records belonging to third parties, such as contractors when required.

2.6 Financial Statements Audit

The appointment of Financial Statements Auditors will take place annually and is the responsibility of the Corporation. The Corporation will be advised by the Audit Committee.

The objective of the Financial Statements Audit is to report on the truth and fairness of the financial position of the College as shown in the Financial Statements. In addition, Financial Statements Auditors are also required to report on the “regularity” of the College’s transactions i.e. that any terms and conditions attached to the funds which are used by the College have been complied with and that the accuracy of the statistical returns which support the College’s financial statements have been appropriately certified. The Auditor’s duties will be in accordance with advice set out in the sector’s Post-16 Audit Code of Practice and the Auditing Practices Board’s auditing standards.

2.7 Internal Audit

The College is required under its Condition of Funding (Grant)(College) to put in place the necessary internal control framework, including an internal audit function to ensure that it meets its obligations and those of its subcontractors under the agreement. Internal Auditors are appointed by the Corporation on the recommendation of Audit Committee.

The main responsibility of Internal Audit is to assist the Audit Committee in its annual opinion on the adequacy and effectiveness of the Corporation’s assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.

The Internal Audit provides the Audit Committee with an objective assessment of whether the systems and controls within the College are working properly. It is a key part of the College’s internal control system because it measures and evaluates

the adequacy and effectiveness of all controls so that Governors and senior management can understand the extent to which they can rely on the overall control system and individual managers can understand how reliable the systems and controls for which they are responsible operate.

The Internal Audit service remains independent in its planning and operation and has direct access to the Corporation, Principal and Chair of the Audit Committee.

2.8 Other Auditors

The funding bodies may appoint separate auditors to carry out any further assurance work.

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

2.9 Value for money

It is a requirement of the Conditions of Funding Agreement with the ESFA that the Governing Body of the College is responsible for achieving value for money in all transactions involving 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 body, 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 assess value for money in its annual report.

2.10 Responsibilities

(i) Principal and Chief Executive

The Principal is the College's designated Accounting Officer and is responsible for the financial administration of the College's affairs. As the designated Accounting Officer, the Principal may be required to justify any of the College's financial matters to the Public Accounts Committee at the House of Commons. The delegated powers of the Principal, as Accounting Officer, and defined within the Articles of Government² are:

- Preparing annual estimates of income and expenditure, for consideration and approval by the Corporation, and for the management of budgets and resources, within the estimates approved by the Corporation;
- Determining, within the framework set by the Corporation, the pay and conditions of service, of staff other than the holders of senior posts.

(ii) Vice Principal Finance and Resources

He/she is responsible to the Principal for:

- Preparing the detailed budgets to support the annual capital and revenue budgets and financial plans;
- Preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;
- Preparing the College's annual accounts and other financial statements and accounts which the College is required to submit to other authorities;
- Ensuring that the College maintains satisfactory financial systems;
- Providing professional advice on all matters relating to financial policies and procedures.

Day to day financial administration is controlled by the Financial Controller.

² This is not a full list of the responsibilities of the Principal. The full list can be found in Article 3 of the Corporation's Articles of Government

(iii) College Managers - Designated Budget Holders

The College maintains a list of individual post holders who are designated budget holders. Designated budget holders are responsible to the Principal for financial management in their own areas. They are advised by the Vice Principal Finance and Resources and Financial Controller in executing their financial duties. The Vice Principal Finance and Resources will supervise and approve the financial systems operating within all areas of the College including the form in which accounts and financial records are kept.

Designated budget holders across both campuses are responsible for establishing and maintaining clear lines of responsibility within their area for all financial matters.

Where resources are devolved to staff within sections, they are accountable to their budget holder for their own budget.

2.11 Budgeting

(i) Resource allocation

Resources are allocated annually by the Corporation on the recommendation of the Finance & Resources Committee through the approval of the annual budget. The budget is set to meet the requirements of the annual curriculum plan.

Budget holders are responsible for the economic, effective and efficient use of resources allocated to them to deliver the income they have planned.

(ii) Budget preparation

The Principal is responsible for submitting annually, prior to the start of the financial year, a revenue budget and capital programme for consideration by the Finance & Resources Committee, before submission to the Corporation. The budget should also include a rolling two year cash flow forecast by month for the next two year ends and a projected year-end balance sheet for the year.

The Vice Principal Finance and Resources must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to budget holders as soon as possible following their approval by the Corporation.

During the year, the Principal is responsible for submitting revised forecasts to the Finance & Resources Committee for consideration before submission to the Corporation for approval. From January 2020 onwards, the College will be submitting 2 year rolling monthly cash flow forecasts to the Department of Education on a regular basis.

(iii) Capital programmes

Capital expenditure on land, buildings, equipment, furniture and associated costs can only be considered as part of a capital programme approved by the Corporation.

The Principal is responsible for providing regular statements concerning all capital expenditure to Finance & Resources Committee for monitoring purposes.

Proposed capital projects will be supported by:

- A statement which demonstrates the project's consistency with the strategic plans and property strategy approved by the Corporation;
- An initial budget for the project for submission to Finance & Resources Committee. The budget should include a breakdown of costs including professional fees, VAT and funding sources;
- A financial evaluation of the plans together with their impact on future revenue plus advice on the impact of alternative plans;
- An investment appraisal in an approved format which complies with the Funding Body's guidance on option and investment appraisal, for projects where the budget is estimated to exceed the limit referred to in **Annex A** to these Regulations;
- A demonstration of compliance with normal tendering procedures as outlined in **Annex B** and Funding Body regulations;
- A cash flow forecast where deemed appropriate by the Vice Principal Finance and Resources.

All projects must be reviewed by the Vice Principal Finance and Resources prior to seeking approval. A report should be submitted to Finance & Resources Committee recording actual expenditure against budget and reconciling funding arrangements where a variance has occurred. This will normally form part of the monthly management accounts.

(iv) Financial planning

The Principal is responsible for preparing annually a rolling three year financial plan for approval by the Corporation on the recommendation of the Finance & Resources Committee and for preparing financial forecasts for submission to the appropriate Funding Agency. Financial plans should be consistent with the strategic plans and Property Strategy approved by the Corporation.

(v) New ventures

To permit the inclusion of new activities in a financial year, after the budget has been set, the following procedures must be followed, depending on the value (>£100K) or strategic importance of the venture.

A project proposal is to be prepared which must include the following elements as a minimum:

- Background;
- Options considered;
- Costs (including opportunity cost) and other implications for each option;
- Conclusion;
- Recommendation.

The proposal must be circulated to the relevant functional managers for their written comments prior to being forwarded to the Executive.

The proposal will then be considered by the Executive and either a decision will be given or it will be forwarded (if supported) to the Finance & Resources Committee if the proposal is of strategic importance.

New ventures which involve bidding for external funds or third parties should follow the procedures contained within the 'contract, project bidding and management and partnership procedure'.

(vi) Budgetary control

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder who must ensure that day to day monitoring is undertaken effectively. Budget holders are responsible to the Principal for the income and expenditure appropriate to their budget. The budget holder will be assisted in this duty by management information provided by the Financial Controller. Management Accounts are to be produced and circulated within 15 working days of the end of month (later for July and September and not for August)

Significant departures from agreed budgetary targets must be reported immediately to the Vice Principal Finance and Resources by the designated budget holders concerned and, if necessary, corrective action taken.

The Principal is responsible for supplying budgetary reports on all aspects of the College's finances to the Finance & Resource Committee on a basis determined by Finance & Resources Committee. Appropriate reports are then commissioned by the Finance & Resources Committee for presentation to the Corporation.

(vii) Virement

The Principal is responsible for submitting requests for virement of resources above 10% of total College expenditure to the Finance & Resources Committee for consideration before submission to the Corporation for approval.

(viii) Treatment of year-end balances

At the year- end, the Principal may permit designated budget holders to carry forward the balances on their budgets to the following year in accordance with the agreed arrangements for the year.

2.12 Accounting Policies

These are as stated in the College's audited Financial Statements.

2.13 Accounting Returns

The Principal is responsible for consolidating and dispatching financial returns and other periodic financial reports to the appropriate Funding Agency and other agencies as required.

2.14 Accounting Records

The Director of HR is responsible for the retention of salary and related information and the Financial Controller is responsible for the retention of all other financial documents. These are kept in a form acceptable to the relevant authorities and in accordance with the 2018 Croydon College Data Retention Policy.

The College is required by law to retain **prime documents** for **six** years in addition to the current financial year. These include:

- official orders;
- purchase invoices;
- sales invoices;
- bank statements;
- copies of receipts;
- paid cheques;
- other documents containing VAT information;
- Complete paper record transactions for each year from the computerised accounting system.

Payroll, PAYE, pensions and redundancy records are required to be retained for between **three** and **six** years, in addition to the current fiscal year. Detailed guidance can be found on the HMRC website.

Additionally, for auditing and other purposes, **other financial documents** should be retained for **three** years, in addition to the current financial year.

SECTION 3 - INCOME AND BANKING

3.1 General

The Vice Principal Finance and Resources is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official financial documents in use must have the approval of the Vice Principal Finance and Resources.

Levels of charges for services rendered, goods supplied and rents and lettings are determined by policies approved by Finance & Resources Committee and are regularly updated.

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

The Financial Controller is responsible for ensuring that all grants notified by the Funding Agencies and other bodies are received and appropriately recorded in the College's accounts.

The Vice Principal Finance and Resources or the appropriate budget holder is responsible for ensuring that all claims for funds, including grants from European Funds and all external agencies, are made by the due date.

3.2 Appointment of Bankers

The Corporation is responsible for the appointment of the College's bankers on the recommendation of Finance & Resources Committee. The appointment shall be for a specified period after which consideration shall be given by Finance & Resources Committee to tendering competitively for the service.

3.3 Banking Arrangements

The Vice Principal Finance and Resources is responsible, on behalf of Finance & Resources Committee, for liaising with the College's bankers in relation to the College's bank accounts and the issue of BACS payments and, on very few occasions, cheques. All cheques shall be ordered on the authority of the Financial Controller who shall make proper arrangements for their safe custody.

Only the Principal may open or close a bank account for dealing with the College's funds. All bank accounts shall be in the name of the College.

All BACS payments and cheques drawn on behalf of the College must be signed or electronically approved in the form approved by Finance & Resources Committee. All electronic approvals and cheques must be signed in accordance with the limits set out in **Annex A**. Details of authorised persons are recorded in the College's Financial Procedures.

The Financial Controller is responsible for ensuring that all bank accounts are subject to regular reconciliation (at least each calendar month end) and that all discrepancies

are investigated and resolved.

3.4 Cash Receipts

Official receipts must be issued as an acknowledgment to any persons / institutions paying cash to the College.

All monies received within departments from whatever source must be recorded by the department on a daily basis together with the form in which they were received.

Money must be paid to the Finance Office at Croydon campus and Student Services at the Coulsdon campus and custody of all cash holdings must comply with the requirements of the College's insurance cover.

No deductions may be made from any cash collected on behalf of the College prior to paying into the Finance Office or Student Services (at Coulsdon), except where prior permission has been sought from the Financial Controller, for the purposes of maintaining an agreed float.

Personal or other cheques must not be cashed out of money received on behalf of the College.

3.5 The Collection of Debts

The Financial Controller should ensure that:

- Debtors' invoices are raised promptly, following invoice requests from budget holders, in respect of income due to the College;
- Sales invoices are raised on official College headed invoices;
- Swift and effective action is taken to collect overdue debts in accordance with the College's formal procedures (detailed in the financial procedures);
- Outstanding debts are monitored and reports are prepared for managers.

Where work is being undertaken by the College for new customers on a credit basis, then the relevant manager must ask the Financial Controller to take up credit references before the work is taken on where the price of the work is estimated to be in excess of the limit referred to in **Annex A** to these Regulations.

The Vice Principal Finance and Resources is responsible for implementing credit arrangements and indicating a period in which different types of invoice must be paid.

The Financial Controller will be responsible for authorising all requests for credit notes. Debts may be written off in accordance with the limits outlined in **Annex A** to these Regulations.

3.6 Student Fees

The procedures for collecting tuition fees must be approved by the Vice Principal Finance and Resources. He/she is responsible for ensuring that all student fees due to the College are received.

Any student who has not paid an account for fees or any other item owing to the College shall not be permitted to enrol on future courses or use any of the College's facilities until all outstanding debts have been cleared, subject to the discretion of the Vice Principal Finance and Resources.

3.7 Gifts, Benefactions and Donations

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

3.8 Security of Documents

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

3.9 Stocks and Stores

College managers are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their areas. The systems used for stores accounting in areas must have the approval of the Financial Controller.

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

Those managers whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Financial Controller and that instructions to appropriate staff within their areas are issued in accordance with advice contained in the College's detailed financial procedures.

Stocks may be written off / disposed of in accordance with the limits outlined in **Annex A** to these Regulations. Where the proceeds from the sale of surplus stocks are estimated to be in excess of the limit outlined in **Annex A** to these Regulations then a professional valuation must be sought.

SECTION 4 - NON-FUNDING BODY GRANTS AND CONTRACTS

4.1 General

Where approaches are to be made to outside bodies for support for projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the manager to ensure that the financial implications have been appraised by the Financial Controller, and where appropriate the procedures contained within the 'contract, project bidding and management and partnership procedure' are followed.

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

An investment appraisal should be undertaken in an approved format which complies with the appropriate Funding Agency guidance on option and investment appraisal, for projects where the budget is estimated to exceed the limit referred to in **Annex A** to these Regulations.

Grants and contracts shall be accepted on behalf of the College by the Principal.

Managers shall maintain all financial records relating to 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 centre.

Control of pay and non-pay expenditure will be contained within the budget centre. The head of the budget centre may delegate day to day control of the account to a supervisor or grant holder, but any overspend or under-recovery of overheads is to be the clear responsibility of the budget centre with any loss being a charge on the relevant section's funds.

4.2 Additional Payments to Staff

Any proposal which involves additional payments to members of staff should be supported by a schedule of names and values and other relevant audit evidence and must be approved by both the employee's manager and the Executive.

4.3 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 prior consent of the Principal;

- Applications for permission to undertake work as a purely private activity must be submitted to the Principal, as appropriate, 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.

4.4 Intellectual Property Rights and Patents

(i) General

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

(ii) Patents

The Finance & Resources Committee is responsible for establishing procedures to deal with any patents accruing to the College.

SECTION 5 - EXPENDITURE

5.1 General

The Financial Controller is responsible for making payment to suppliers of goods and services to the College.

Budget holders are responsible for ensuring that they obtain the most favourable terms for price, delivery dates and quality and should consult the Finance Office about facilities available through arrangements with purchasing agencies.

Under no circumstances may private transactions be conducted as if on behalf of the College with a College supplier. Private transactions are defined as unofficial transactions which may not be properly entered in the official accounts of the College.

If any member of staff has any interest (pecuniary, management or other) in any organisation likely to enter into a commercial relationship with the College, he/she must declare that interest to the Vice Principal Finance and Resources who will keep a record of such declared interests. Executive members are required to complete a Declaration of Interests annual return to the clerk. Commercial transactions shall not be entered into with these organisations other than with the Principal's express, written, permission.

Members of staff must not accept gifts from any organisation which have or which seek to have a business relationship with the College. The only exception to this is gifts of a low value functional nature which are suitable for business other than personal use. Such items must be declared and entered in the record held by the Vice Principal Finance and Resources.

5.2 Authorities

The designated budget holder is responsible for purchases within his/her area. Purchasing authority may be delegated to named individuals within the area, with the approval of the Vice Principal Finance and Resources.

The Financial Controller shall maintain a register of authorised signatories. Any changes to the authorities to sign must be notified to the Financial Controller immediately. All managers must supply the Financial Controller with specimen signatures or email addresses of those authorised to create Purchase Orders or certify invoices for payment, using the Proactis Electronic Purchase Order system.

Designated budget holders and other staff with delegated budgetary responsibility are not authorised to commit the College to expenditure without first reserving sufficient funds to meet the purchase cost. Where budgets are exceeded, the Proactis system requires a virement to enable a purchase order to be raised.

The authorised member of staff certifying the invoice for payment must be different

to the member of staff responsible for raising the order on Proactis.

Expenditure exceeding the limits notified in **Annex A** to these Regulations shall be authorised as indicated in that schedule.

5.3 Petty Cash

Where a single item is for less than the limit outlined in **Annex A** to these Regulations it may be paid from College petty cash. It must be supported by receipts or vouchers. Advances may be made to staff to cover the purchase of such consumable items for the College. Such advances must be cleared by receipts or vouchers within three working days of the advance being made.

The Financial Controller shall make available to sections such imprests as are considered necessary for the disbursement of petty cash expenses. Requisitions for reimbursement must be sent to the Finance Office together with appropriate receipts or vouchers, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.

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

Standard College petty cash forms are supplied by the Financial Controller and must be used for recording all imprest accounts.

At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter signed by the relevant Manager.

5.4 Purchase Orders

Official College orders must be raised on the Proactis system for the purchase of all goods or services, except where exemption applies, such as for utilities and business rates payments or, for those made using petty cash. The exemptions are detailed within the College's Financial Procedures.

Official orders will be generated centrally and controlled by the Financial Controller. Orders raised by budget holders will be authorised and dispatched in this way if:

- There are sufficient funds available in the designated budget and no other expenditure restrictions have been imposed;
- They are authorised by the budget holder (or member of staff with delegated budgetary responsibility);
- All quotation or tender arrangements, if required, have been followed. Alternative quotations may be scanned into the Proactis system for audit purposes;

- The nominated contractor/supplier is recognised by the College;
- The services ordered do not form a contract of personal employment;
- They clearly specify the value and quantity of the materials, works and services to be supplied and the price to be paid.

Orders must be allocated an appropriate cost centre. This must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the order.

All orders for building works, upkeep, maintenance of College land, property etc. must be authorised by the Director of IT & Estates.

Telephone or other confirmatory orders are not normally permissible. Where they cannot be avoided, the Financial Controller must be consulted in the first instance.

Purchase orders may only be cancelled by written notification to the Finance Office.

When transferring goods or services between Sections an Internal Transfer form must be used.

5.5 Government Procurement Cards

The College does not have credit cards, however it allows purchases using Government Procurement Cards (GPCs). The card holders must comply with authorisation limits set for the use of these cards and all persons holding a GPC must comply with the GPC procedures.

The same procedures for achieving value for money apply to purchases using GPC as to all other purchase transactions as set out in these regulations.

All cards must be held in a secure place by the authorised user and the card must only be used by the authorised user named on the card.

5.6 Quotations and Tendering

(i) Quotations

Goods and services which exceed the limit referred to in **Annex A** to these Regulations shall be subject to competitive quotations and budget holders must obtain three quotations to gain the best price. Documentation related to this must be retained by the budget holder and produced as audit evidence.

(ii) Tendering

Subject to special rules imposed by funding bodies, the College's tendering procedures, are applicable to:

- Procurement of services and buildings in excess of £25,000;
- Purchases where the estimated cost is in excess of £25,000;

The College policy and tendering procedures are outlined in **Annex B**.

Where goods or services have already been subject to a recent formal tendering exercise led by a Government sponsored buying agency, local authority or similar, then the College can rely upon that tendering procedure and it does not have to perform a separate exercise. Details and evidence of this should be recorded on the relevant purchase order.

In certain circumstances only, there may be an argument for not abiding by the tendering limits. For costs of up to £25,000 (excluding VAT), a written, fully supported case must be made and presented for approval by the Principal or Vice Principal Finance and Resources. This will then be reported at the next Finance & Resources Committee for review. For sums above £25,000, a waiver must be sought at Finance & Resources Committee to authorise such proposals. Such events must be reported to the Corporation at its next meeting.

An example would be the engagement of agency workers where the Director of HR will ensure that value for money is taken into account whilst ensuring that the most appropriate workers are engaged to meet the business needs of the College.

5.7 Contracts

All orders for goods and services constitute a contract with a potential supplier. However, a separate contract is required if the order is for goods or works over £500,000 or services in excess of £150,000. Where a separate contract is required, the following applies:

- The total cost of the contract over its deemed life must be considered for quotation/tendering purposes;
- The contract documentation for works or supply contracts should include Bills of Quantities, Specifications, Drawings and/or Schedules of Work as necessary. The contract documentation should include provision to protect the position of the College with regard to the following considerations as appropriate:
 - Health and safety (e.g. CDM, DDA);
 - Insurance;
 - Security;
 - Responsibility for losses (e.g. of revenue, fees and curtailments);
 - Quality control;
 - Compliance with relevant regulations (e.g. planning, building control, CPO's);
 - Programme requirements delays etc.;
 - Variations;
 - Payment of Taxes.
- The contract must be approved and signed in line with the limits outlined in **Annex A**;

- The signed contract must be retained in the College contracts file;
- A copy of the contract is to be held by the manager responsible for overseeing the contract;
- It is the manager's responsibility to ensure compliance with these contracts for controlling the costs and for retaining the operational documents relating to these contracts;
- It is the manager's responsibility to initiate action to renew, re-tender the contract as appropriate.

Contracts in relation to partnerships should follow the guidance in the 'contract, project bidding and management and partnership procedure'.

Contracts relating to building projects should also follow the guidance set out in Annex C to these regulations.

All contracts should aim to achieve best value for money.

5.8 EU Regulations (to be revised following Brexit)

The College is obliged by law to follow the EU Procurement Directives which govern the award of Public Sector contracts. The Vice Principal Finance and Resources is responsible for ensuring compliance. Where a potential contract exceeds the EU threshold, the contract must be offered in all member states through advertisement or procured through a pre-tendered framework agreement. These thresholds relate to the **aggregated** contract values over the life of a contract. The thresholds change annually. The current limits are recorded in **Annex A**. Advice should be sought from the Financial Controller at an early stage.

It is the responsibility of the relevant manager to ensure that their members of staff comply by notifying the Financial Controller of any purchases likely to exceed the thresholds noted above. This will need to be done well in advance in order to permit advertisements in official journals or the preparation of a mini-tender procurement through national or local purchasing consortiums.

5.9 Payment of Invoices

The College is committed to paying suppliers within the standard 30 day credit period except where different terms are agreed with a supplier. The procedures for making all payments shall be in a form specified by the Financial Controller.

The Financial Controller is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by direct bank transfers.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Finance Office, in the first instance. The Finance Office will then forward them electronically to the relevant manager for authorisation.

Managers are responsible for ensuring that expenditure within their area does not exceed funds available.

Payments will only be made by the Financial Controller against invoices which have been certified for payment by the appropriate budget holder.

Certification of an invoice 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 Section's inventory;
- An appropriate cost centre is quoted. Where the invoice is not accompanied by a purchase order, this must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

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

SECTION 6 - SALARIES, WAGES AND EXPENSE PAYMENTS

6.1 General

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

All College staff will be appointed to the salary scales approved by the Corporation and in accordance with appropriate conditions of service. All letters of appointment must be issued by the HR Department.

The Director of HR will be responsible for keeping the Vice Principal Finance and Resources informed of all matters relating to HR and payroll for budgeting purposes. In particular these include:

- Appointments, resignations, dismissals, supervisions, secondments and transfers;
- Absences from duty for sickness or other reason, apart from approved leave;
- Changes in remuneration other than normal increments and pay awards;
- Information necessary in order to make payments to outside organisations in respect of pension, income tax, national insurance etc.

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

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

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

6.2 Pension

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

The Director of HR and Financial Controller are responsible for day to day pension matters including:

- Paying of contributions to various authorised pension schemes;
- Preparing the annual return to various pension schemes;
- Administering the College's pension fund.

6.3 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 Vice Principal Finance and Resources.

No member of staff is authorised to make any payment for reimbursement of expenditure to him/herself. Claims for expenditure incurred in the course of duty, for example, travelling, subsistence, course fees etc. must be submitted by the member of staff who is making the claim to their line manager who will check and authorise the payment. The certification by the line manager shall be taken to mean that the journeys etc. were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the College. The Principal must have all expenses signed off by the Chair of the Corporation.

Claims must be made as soon as possible after the event has taken place and any claim relating to a period more than three months prior to the date of submission for reimbursement will be payable only at the discretion of the Vice Principal Finance and Resources. Claims relating to the closed financial year must be submitted within one month of the close, thus, by 31 August in any one year.

Advance payments may be made to staff to cover expenses incurred when travelling on College business. Such advances will only be made when authorised by their line manager and such claims are restricted to the limits noted in **Annex A** to these Regulations. Such advances must be cleared against a fully detailed expenses claim within seven working days of the member of staff's return to College.

Where such reimbursements are made it is the responsibility of the Financial Controller to provide information to the employee to allow him/her to complete the taxation returns required under the Self-Assessment scheme.

6.4 Overseas Travel

If overseas travel is necessary, staff must follow the guidelines and seek approval as stated in the Travel and Expenses procedure. In the case of the Principal, approval of expenses must be sought by the Chair of the Corporation.

6.5 Payroll Authorities

The payroll may be authorised by any one of the following post-holders:

- The Principal;
- The Vice Principal Finance and Resources;
- The Director of HR;
- The Financial Controller.

SECTION 7 - ASSETS

7.1 Land, Buildings, Fixed Plant and Machinery

The purchase, lease or rent of land or buildings can only be undertaken with authority from the Corporation and with reference to Funding Agency's requirements where exchequer funded assets or exchequer funds are involved.

The Financial Controller is responsible for maintaining the College's register of land, buildings, fixed plant and machinery.

7.2 Inventories

In addition to the asset register, College managers are responsible for maintaining inventories for all plant, equipment, furniture and stores in their area.

The inventory must include items donated or held on trust.

Inventories must be checked at least annually and retained in the form prescribed by the Director of IT & Estates.

7.3 Asset Disposal

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

Disposal of equipment and furniture must be in accordance with procedures agreed by Finance & Resources Committee.

Equipment and furniture may be written off / disposed of in accordance with the limits outlined in **Annex A** to these Regulations. Where the proceeds from the sale of surplus equipment and furniture are estimated to be in excess of the limit outlined in **Annex A** to these Regulations then a professional valuation must be sought.

7.4 Treasury Management

Finance & Resources Committee is responsible for approving a Treasury Management Policy (**Annex D** refers) setting out the strategy and policies for cash management, long term investments and borrowings. The Finance & Resources Committee has a responsibility to ensure implementation, monitoring and review of such policies.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Principal and an appropriate reporting system

set up. All borrowing shall be undertaken in the name of the College and shall conform to any relevant Funding Agency requirements.

The Principal will report to the Finance & Resources Committee regularly on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him/her. This will normally be done via the monthly management accounts.

SECTION 8 – OTHER

8.1 Companies & Joint Ventures

In certain circumstances it may be advantageous to the College to establish a company to undertake services on its behalf.

The Corporation is responsible for approving the establishment of companies and the procedure to be followed in order to do so. These arrangements take account of any Funding Body regulations.

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

The directors of companies where the College is the majority shareholder must submit, via Finance & Resources 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 financial statements auditors shall also be appointed to such companies.

8.2 Risk Management

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 the separate Risk Management Policy.

The Corporation has overall responsibility for ensuring that there is an effective Risk Management plan and an effective framework for the management of risk throughout the College. The Vice Principal Finance and Resources is responsible for developing a risk management strategy in order to identify the risks facing the College and types of protection required to cover these risks. This will be considered and approved by the Corporation on an annual basis. The Risk Management Strategy determined by the Corporation includes:

- The adoption of common terminology in relation to the definition of risk and risk management;
- The establishment of College-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis;
- A decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes;
- A decision on the level of risk to be covered by insurance;
- Detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other

relevant areas;

- Development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question;
- Regular reporting to the governing body of all risks above established tolerance levels;
- An annual review of the implementation of risk management arrangements;
- The strategy and procedures must be capable of independent verification.

Managers must ensure that any agreements negotiated within their Sections with external bodies cover any legal liabilities to which the College may be exposed. The Vice Principal Finance and Resources' advice should be sought to ensure that this is the case.

Managers must give prompt notification to the Vice Principal Finance and Resources of any potential new risks and additional property and equipment which may require insurance and any alterations affecting existing risks.

8.3 Insurance

The Vice Principal Finance and Resources is responsible for effecting insurance cover as determined by Finance & Resources Committee. He/she is, therefore, responsible for obtaining quotes, negotiating claims and maintaining the necessary records.

He/she will also deal with the College's insurers and advisers about specific insurance problems.

Managers must advise the Vice Principal Finance and Resources immediately, of any event which may give rise to an insurance claim. The Vice Principal Finance and Resources will notify the College's insurers and, if appropriate, prepare a claim in conjunction with the relevant Manager for transmission to the insurers.

The Vice Principal Finance and Resources will keep a register of all insurances effected by the College and the property and risks covered.

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

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

8.4 Taxation

The Financial Controller and Director of HR are responsible for advising Managers in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. They will, therefore, issue instructions to Sections on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

The Financial Controller is responsible for maintaining the College's tax records, including VAT, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

8.5 Security

Budget holders are responsible for maintaining proper security at all times for all buildings, stock, stores, furniture, cash, etc. under their control. They shall ensure that proper control is exercised over keys and equivalent for doors, safes, security cupboards and secure areas and should consult the Director of IT & Estates in any case where security is thought to be defective or where it is considered that special security arrangements may be needed. Keys to safes or other similar containers are to be carried with the person responsible at all times. The loss of such keys must be reported to either the Director of IT & Estates or the Financial Controller immediately.

Budget holders shall be responsible for maintaining accurate inventories (in a manner prescribed by the Director of IT & Estates) of all such assets and for ensuring that a physical check is made at least annually. They shall also ensure that all theft and losses of such assets are reported to the Financial Controller promptly.

Inventory items, which are surplus to requirements, shall be disposed of in the manner described in the College's purchasing procedure.

The Director of IT & Estates will be responsible for ensuring, as far as possible, the overall security of the site.

8.6 Computer Systems Security

The Director of IT & Estates shall be responsible for maintaining robust security and privacy of information held on IT systems. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act. The Director of MIS is the nominated Data Protection Officer to ensure compliance with the Act.

All members of staff are responsible for ensuring the security of their password(s) in order to prevent unauthorised access to the College's computer systems. Staff have a duty to comply with both the letter, and the spirit, of the Data Protection Act, and a duty to inform the College's nominated Data Protection Officer of any personal data that they hold on a personal computer which relates to information falling within the Data Protection Act.

8.7 Full Cost Courses and Services Rendered

In this context a full cost course is any course which is not funded through a funding agency.

Full cost courses should be costed using the College's standard template prepared by the Financial Controller. Where bids for other sources of income are being prepared, these need to follow the guidance outlined within the 'contract, project bidding and management and partnership procedure'.

The term 'services rendered' includes the use of existing facilities. The costing and pricing of such services must be in accordance with the College's costing and pricing procedures which are contained in the College's financial procedures.

8.8 Fraud and corruption

It is the duty of all members of staff, management and the governing body to notify the Principal immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. Failure to notify the Principal immediately could result in disciplinary action being taken. The College has developed a separate Anti-Bribery, Anti-Fraud and Anti-Corruption Policy which is **Annex E** to these Regulations which should be used in any circumstances where fraud is suspected.

8.9 Whistleblowing

Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc.), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory. The procedures to be followed in such circumstance are detailed within the College's Whistleblowing Policy.

8.10 Code of Conduct for Staff

The College expects that staff at all levels will observe the guidelines laid down in the Anti-Bribery, Anti-Fraud and Anti-Corruption Strategy which is included within these Regulations. This reflects the three fundamental principles of openness, integrity and accountability, and covers:

- Probity and propriety;
- Selflessness, objectivity and honesty;
- Relationships.

8.11 Disclosure of Interests

Members of the Corporation are required to complete a register of financial and personal interests which is lodged with the Clerk to the Corporation, updated annually and available during working hours for public scrutiny. All senior post holders, Executive members and the Director of IT & Estates are also required to complete such a register.

Members of staff must also declare to the Vice Principal Finance and Resources any interest (pecuniary, management or other) in any organisation which is likely to enter into a commercial relationship with the College. The Vice Principal Finance and Resources will keep a record of such declared interests. Commercial transactions shall not be entered into with these organisations other than with the Principal's express written permission.

8.12 Hospitality

Staff entertaining guests from outside bodies at lunch time should normally use the College's catering facilities. Where this is not the case reasons must be stated when submitting a claim for reimbursement. The limits concerning acceptable expenditure for entertaining guests are set out in **Annex A** to these Financial Regulations.

8.13 Gifts

It is an offence for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The College's anti-bribery policy is detailed in **Annex E** to this document.

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

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

Accordingly, 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 relevant line manager or the Vice Principal Finance and Resources. For the protection of those involved, the Vice Principal Finance and Resources will maintain a register of gifts and hospitality received where the estimated value is in excess of £50. Members of staff in receipt of such gifts or hospitality are obliged to notify the Vice Principal Finance and Resources promptly.

8.14 Students' Association

A Students' Association has been established in accordance with the Education Act (1994) and its constitution lays down its relationship with the Corporation.

Subject to the constraints imposed by the appropriate Funding Agency, the Corporation shall determine the level of budget to be made available annually to the Students' Association.

8.15 Use of the College's Seal

The application of the seal of the Corporation has to be authenticated by the signature of the Chair or some other member who is authorised either generally or specially by the Corporation to act for that purpose together with that of any other member. The Clerk is responsible for submitting a report to each meeting of the Corporation detailing the use of the College's seal since the last meeting.

8.16 Trust Funds (*where applicable*)

The Vice Principal Finance and Resources is responsible for maintaining a record of the requirements for each Trust Fund and for advising the Finance & Resources Committee on the control and investment of fund balances.

The Finance & Resources Committee is responsible for ensuring that the College's Trust Funds are operated within any relevant legislation and the specific requirements for each trust.

8.17 Provision of Indemnities

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

8.18 Confidentiality

All financial and commercial information and records of the College is confidential and must not be disclosed to anyone who is not authorised to have access to them. All staff must ensure that any financial and other information which they hold, either manually or on computer, is kept secure and that access to it is controlled in accordance with the relevant requirements of the Data Protection Act, the College's

Data Protection Policy and any further guidance issued by the College.

8.19 Franchise and Partnership Provision

Appointment of partnership and franchise provision must follow the procedures detailed within the 'contract, project bidding and management and partnership procedure'.

8.20 Breach of Financial Regulations

A breach of these regulations is to be reported through the management chain to:

- Vice Principal Finance and Resources (or the Principal if the area concerned is within the his/her areas of responsibility) who will investigate and decide on its materiality;
- The Chair of the Finance & Resources Committee immediately if the instance is considered material;
- The Audit Committee for a material breach;
- The Corporation for a material breach.

ANNEX A - FINANCIAL LIMITS

| Description | Financial Limit* |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Expenditure limit above which requires the approval of the Corporation via the Finance and Resources Committee, and the contract requires the signature of two Governors. | £500,000 |
| Limit to which the Principal and Chief Executive may authorise expenditure on individual capital and recurrent items and sign the related contract. | £500,000 |
| Limit above which a written contract for the supply of goods or works is required. | £500,000 |
| Limit above which a written contract for the supply of services is required. | £150,000 |
| Limit to which the Vice Principal Finance and Resources may authorise expenditure on individual capital and recurrent items and sign the related contract. | £150,000 |
| Limit to which other Budget Holders may authorise expenditure on individual <u>recurrent</u> items. Any related contracts should be referred to the Vice Principal Finance and Resources for signature. | £20,000 |
| Limit at which projects require investment appraisal | £500,000 |
| Limit for works above which EU Procurement Directives apply | £4,104,394 |
| Limit for supplies and services above which EU Procurement Directives apply | £164,176 |
| Limit at which full competitive tendering is required | £25,000 |
| Cost above which quotes must normally be sought for the supply of goods or services | £3,000 |
| Limit to which the Principal may write off debts / stocks due to College | £50,000 |
| Limit to which Principal may write off / sell off surplus goods | £50,000 |
| Value at which professional valuation required for surplus goods | £5,000 |
| Value at which the Financial Controller must be asked to obtain credit references for new customers | £10,000 |
| Limit to which the Vice Principal Finance and Resources may sell off / write off surplus | £25,000 |
| Limit to which the Vice Principal Finance and Resources may write off debts/stocks due to College | £25,000 |
| Limit to which designated budget holders may sell off / write off surplus goods (per item) | £100 |
| Limit above which cheques must be signed by two authorised persons. For amounts below this limit, cheques may be signed by one authorised person. | £2,000 |

| Description | Financial Limit* |
|--------------------------------------------------------------------------------------------------------------|------------------|
| Value at which items (excluding computing equipment) are regarded as capital for Statutory Accounts purposes | £1,000 |
| Value at which computing equipment is regarded as capital for Statutory Accounts purposes | £500 |
| Limit to which advances may be made to staff for expenses | £250 |
| Limit for payment from petty cash for purchases | £30 |
| Limit to which cash advances may be made to staff in respect of purchases | £30 |
| Limit for acceptable expenditure for entertaining guests. | £30 per head |

*The set limits are for aggregated spend and must not be avoided by the use of multiple and/or smaller orders/contracts/payments etc.

ANNEX B - TENDERING PROCEDURES

When an order has a potential value of £25,000 (exclusive of VAT) or above it is necessary to conduct a formal tendering exercise or an "Invitation to Tender".

Please consult the Financial Controller as soon as possible in this event.

1. Production of an Invitation to Tender

The Budget Holder should write to **at least** three selected suppliers inviting them to tender. Where three suppliers cannot be identified, a note, stipulating the reasons why, should be kept.

The invitation letter should clearly inform the suppliers of the following:

- That the letter represents a formal invitation to tender;
- The goods/services to be provided together with the required date of delivery or period of service;
- The criteria for evaluating tenders;
- The closing date for submitting the tenders, noting that late tenders will be excluded from consideration;
- If the organisation chooses not to tender, a nil return is requested;
- An indication of the date shortlisted suppliers will be asked to visit the College;
- The date by which unsuccessful tenderers will be notified;
- That tenders must be returned in the envelope provided, or else they will be excluded from consideration. If the tender is not able to use the envelope provided, the tenderer should ask the College to supply a more suitable envelope.

2. Tenders Received

The Invitation to Tender should stipulate where tenders should be sent prior to the tender closing date. The tenders should be sent to the College's Finance Office, in a sealed envelope/package with the tender reference number clearly marked on the outside of the envelope/package for identification purposes. The Finance Office will keep the tenders in a secure place prior to the time of opening.

Under English Law the tenderer has the right to withdraw the tender at any time until it is accepted.

Late tenders should not normally be considered. Tenders received late should be returned by the budget holder with a covering letter explaining why they have been excluded from consideration. A copy of the covering letter should be retained.

Occasionally, tenderers have a genuine reason for being unable to submit their tender before the tender return date. In such circumstances any extension of time must be agreed prior to the tender return date with the Financial Controller. Valid, acceptable and verifiable reasons must be provided for late submission to be allowed. If possible, when a tenderer is given an

additional time period for submission of a tender, all other tenderers should also be allowed this time.

When tenderers make contact to discuss the tender it is imperative that those concerned do not provide one tenderer with any information that would give that tenderer the advantage over the other tenderers. Should this occur, all tenderers should be advised of the information given to the supplier in question. The Corporation must be fair and unbiased in the selection of suppliers.

3. Tender Opening Panel

For all purchases, a panel of at least two people should open the tenders. One member of the panel would normally be the budget holder and a second member either the Vice Principal Finance and Resources or the Financial Controller. On opening, a record of the date and price quoted should be made, and signed by the tender panel.

4. Tender Evaluation

The tender panel should conduct an evaluation. Before tenders are received a list of criteria should be produced reflecting the requirements of the technical and commercial specification of the Invitation to Tender.

The criteria should be weighted according to their relative importance by the tender evaluation panel. The tenders should then be evaluated by each panel member on the basis of the criteria laid down.

The two or three tenderers which best meet the criteria should form the shortlisted suppliers. Where members of the tender panel initially disagree on the shortlisted suppliers, then valid reasons must be noted for making the final shortlist.

5. Qualification

Where a tender is received that is “qualified”, for example, the tenderer is not able to comply with certain Terms and Conditions of business, the cost of this qualification should be assessed and considered at the evaluation stage.

6. Bid Clarification and Post Tender Negotiation

It is important that Invitations to Tender are clear, concise, and composed to help remove any potential ambiguity in response. Despite this Tenders are often ambiguous or lacking the full information required to make a full evaluation of the responses.

If discussions take place with a supplier on a short list, all other suppliers on the short list must be given the same opportunity. If through clarification a Tender is revised, this must be submitted in writing as a revised offer.

Post tender negotiation should take place between the tender panel and shortlisted tenderer(s) to explore whether a better deal can be achieved on a “mutually acceptable” basis.

It is unethical to intimidate or attempt to force a supplier to reduce his bid, but improvements and further savings are often available if negotiated professionally.

7. Supplier Appraisal

The value and nature of the contract/purchase order will determine the extent of the supplier appraisal stage. At minimum this will involve an evaluation of the supplier's financial standing. It may also include the taking of references and a visit to the supplier to determine the level of quality assurance. These tasks should be undertaken by the Financial Controller.

8. Unsuccessful Tenderers

A letter should be sent to all unsuccessful tenderers to advise that they have been unsuccessful and to thank them for their interest. Debriefing should be available for those that require it. This would normally be undertaken by the budget holder.

9. Custody of Documentation

All documentation relating to the tender exercise should be filed and held by the Finance Office and made available to the Auditors on request.

ANNEX C - CAPITAL PROJECTS - PROPERTY

Proposed capital projects should be in line with the college's property strategy and as a minimum should be supported by the following:

- The scope of the project and, where applicable, an initial design;
- An initial budget for the project, which for projects in excess of £500,000 need to be presented to the Finance and Resources Committee and approved by the Governing Body. The budget should include a breakdown of costs including professional fees, VAT, contingencies and funding sources;
- An evaluation of the impact on current and future revenue plus advice on the impact of alternative plans;
- An investment appraisal in an approved format which complies with funding body guidance on option and investment appraisal;
- Where there is a need for a loan facility, details of such arrangements, including any covenants or restrictions imposed as a consequence of securing the facility;
- A demonstration of compliance with normal tendering procedures and funding body regulations;
- A cash flow forecast;
- A review of the risks;
- Contingency plans for managing adverse sensitivities;
- Consideration of taxation and other legislative or regulatory issues, including any planning requirements;
- Approval by the relevant funding body.

Clearly, capital projects are procured in line with the college's standard purchasing and tendering procedures, however, capital projects also have additional requirement, in terms of the initial scoping of the project (design stages) and the subsequent controlling of costs.

In terms of controlling costs, there needs to be appropriate arrangements for controlling changes to the design, both pre and post contract. All proposed changes should be costed (to include fees and VAT) and approved in advance of any commitment to them. The approval limits referred to in **Annex A** to the Financial Regulations still apply – and it is the total cost of the project which needs to be taken into account when considering the authority required.

ANNEX D - TREASURY MANAGEMENT POLICY

This statement sets out the College's policy concerning raising capital finance and investment of surplus funds.

Approved Activities

Treasury management comprises the management of all cash, money market investments and capital market transactions in connection with the cash and funding resources of the institution and the control of associated risks.

All treasury management activities involve risk and potential reward. The primary objective of treasury management is to minimise the financial risk to which the institution is exposed in relation to both investment and long term borrowing. The College's policy on borrowing is to minimise cost while maintaining the stability of the College's financial position by sound debt management techniques. The objective for lending purposes is to achieve the best possible return while minimising risk. Such considerations must be consistent with the cash flow requirements of the College.

The Vice Principal Finance and Resources and the Financial Controller are authorised, subject to the provisions of the policy statement, to:

- (a) deposit surplus funds of the institution with, and purchase certification of deposit issued by any of the organisations listed in Appendix 1 of this statement up to a maximum limit or sub-limit specified for each organisation; and
- (b) Borrow funds subject to the strategy set by the Finance & Resources Committee.

The College will not undertake currency risk and accordingly will not borrow or deposit funds denominated in foreign currencies.

Treasury Management Strategy

The College's strategy for the application of its treasury management policy is detailed within the three year financial strategy prepared by the Principal and the Vice Principal Finance and Resources and approved by the Corporation.

In preparing the strategy the College management will have regard to:

- (a) The maintenance of the stable financial position of the institution;
- (b) The current level of interest rates and forecast of future changes in interest rates and the associated impact on any proposals to raise capital finance;
- (c) Policies contained in other planning documents within the institution, for example:
 - the overall College plan;
 - the revenue budget and capital programme;

- the property strategy;
- working capital management, including debt collection policy and policy on creditor payments, including payroll.

(d) The aggregate funds, loans and accounts operated by the institution.

A three year forecast of surplus funds and loan repayment requirements will be prepared by the Vice Principal Finance and Resources and approved by the Corporation.

Based on the forecast, the Financial Controller will prepare monthly rolling forecasts of the short-term surplus cash for the purpose of applying the strategy on a day to day basis. The results of applying the strategy will be reported to the Finance & Resources Committee.

Where applicable during the course of the year, the Principal will recommend amendments to the strategy to Finance & Resources Committee and the Corporation.

The Vice Principal Finance and Resources has the authority to carry out the College's strategy for depositing surplus funds and managing the cash flow of the institution. In managing these powers, he/she will have regard to the perceived credit risk associated with the approved organisations with which funds may be deposited or invested. He/she will also have regard to the effect of possible changes in interest rates on the cost of borrowing and the return from investing and the need to maintain adequate liquid funds to meet the institution's obligations.

Approved Methods of Raising Capital Finance

The Principal, in conjunction with the Corporation, will undertake on its behalf the borrowing activities of the College. He/she cannot commit the College to any particular borrowing for capital purposes without obtaining the specific authority of Finance & Resources Committee and where appropriate the relevant Funding Body.

A report will be prepared on each case for presentation to the Finance & Resources Committee detailing the borrowing requirement, the suggested lenders, condition of the loan etc.

Investing and Depositing of Surplus Funds

The Vice Principal Finance and Resources and Financial Controller have delegated authority to invest the surplus funds of the College in accordance with the annual financial strategy and in accordance with the terms of this statement. He/she is authorised to deposit or invest funds only with the organisations and subject to the limits set out in **Appendix 1** of this statement.

The Vice Principal Finance and Resources is responsible for monitoring the creditworthiness of the approved deposit takers using appropriate external sources of information including credit agency reports.

Interest Rate Exposure

The Vice Principal Finance and Resources is responsible for monitoring the institutions interest rate exposure. The treasury management strategy should determine the interest rate exposure limits which are acceptable to the institution.

Legal Issues

Prior to entering into any borrowing or investment transactions it is the responsibility of the Principal to ensure that the proposed transaction does not breach the Articles of Government, the requirements of the Funding Contract with the ESFA or the College's Financial Regulations.

Review and Reporting

The cash situation will be reported regularly to the Finance & Resources Committee together with the loans, deposits and investments held. This will normally be undertaken via the monthly management accounts.

The finance strategy and amendments to this treasury management policy will be reviewed regularly in conjunction with other related Regulations.

Appendix 1 - Deposit and Investment Limits per Deal

| Organisation | Up to 1 month £'000s | Up to 6 months £'000s | Up to 1 year £'000s |
|-------------------------------|---------------------------------|--------------------------------------|--------------------------------|
| British Clearing Banks | 5,000 | 2,500 | 1,500 |
| Building Societies | 5,000 | 2,500 | 1,500 |

The above limits will be updated annually following the Finance & Resources Committee's review of the Treasury Management & Banking arrangements.

ANNEX E – ANTI-BRIBERY, ANTI-FRAUD AND ANTI-CORRUPTION POLICY

SECTION ONE

1.1 Introduction

- (i) The College's reputation with the community it serves and other stakeholders is underpinned by ethical behaviour, financial probity and honesty. It, therefore, has zero-tolerance policy to fraud, bribery and corruption.
- (ii) Fraud: "A dishonest act conducted with the intent of making a gain for themselves or anyone else or inflicting a loss, or risk of loss, to another."
Bribery: "Giving or receiving financial or other advantage in connection with the improper performance of a position of trust, or a function that is expected to be performed impartially or in good faith." (Bribery Act 2010)
- (iii) This Strategy has been developed in conjunction with the Fraud Act 2006 and the Bribery Act 2010 and the Code of Conduct of Croydon College Corporation and the duties placed on individual members of the Corporation and on members of staff. Its purpose is to state explicitly the Corporation's responsibilities with regard to fraud and corruption, either in relation to attempts on the College or from within it and to lay down explicitly the College's commitment to effective anti-fraud and anti-corruption strategies. These are designed to:
- Encourage prevention;
 - Promote detection;
 - Ensure that there are clear routes for impartial investigation.
- (iv) The College aims to limit its exposure to bribery by:
- Setting out a clear anti-bribery policy, which is proportionate to the risks to which the College is exposed;
 - Embedding awareness and understanding of the College's anti-bribery policy amongst all staff, "associated persons" (any person performing services for or on behalf of the College), and external persons/organisations with whom the College has commercial relations;
 - Training staff as appropriate so that they can recognise and avoid the use of bribery by themselves and others;
 - Encouraging staff to be vigilant and to report any suspicion of bribery, providing them with suitable channels of communication, through the College's Whistleblowing Policy and ensuring sensitive information is treated appropriately;
 - Rigorously investigating instances of alleged bribery in accordance with the College disciplinary procedure; and assisting the Police and other appropriate authorities in any resultant prosecution;
 - Taking firm and vigorous action against any individual(s) involved in bribery.

1.2 The Policy

- (i) This policy applies to all employees, agency staff, Governors, contractors, consultants, suppliers, service users, committee members and business partners, as a minimum and anyone acting for, or on behalf of, the College (“associated persons”)
- (ii) All employees and associated persons are responsible for maintaining the highest standards of business conduct and are expected to behave honestly and with integrity. Any breach of this policy will constitute a serious disciplinary offence, which may lead to dismissal and may become a criminal matter for the individual.
- (iii) The College prohibits employees and associated persons from offering, giving, soliciting or accepting any bribe. The bribe might include cash, a gift or other inducement, to or from any person or organisation, wherever they are situated, and irrespective of whether or not they are a public official/body or private person or company, by any individual governor, employee, agent or other person or body acting on the College's behalf. Croydon College operates a zero-tolerance policy to fraud, bribery and corruption.
- (iv) The bribe might be made in order to:
 - Gain any commercial, contractual or regulatory advantage for the College in a way which is unethical;
 - Gain any personal advantage, pecuniary, or otherwise, for the individual or anyone connected with the individual.
- (v) This policy is not intended to prohibit appropriate corporate entertainment and/or hospitality undertaken in connection with the College’s business activities, provided the activity is customary under the circumstances, is proportionate, and is properly recorded/disclosed to the College in accordance with the College’s Financial Regulations.
- (vi) 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 for Whistleblowing.
- (vii) Employees and associated persons are encouraged to refer to Croydon College Financial Regulations, Disciplinary Procedure and Code of Conduct in addition to this policy.

SECTION TWO

2.1 Prevention

A. Governors

- (i) Governors are required to operate within the Code of Conduct established by the Corporation, the Instrument and Articles of Government and any other Laws and Regulations which may, from time to time, operate in relation to Further Education.

- (ii) These matters and other guidance for the attention of Governors are drawn to their attention when they are new members through their induction and within the Governance documentation which is regularly updated by the Clerk.
- (iii) Members of the Corporation are required to identify all of their business interests on an annual basis and to draw to the Clerk's attention any potential areas of conflict as and when they arise.
- (iv) The Clerk to the Corporation will advise Governors at any time on any issues relating to this on which they require clarification.
- (v) Governors also have access to independent advice and the Clerk will advise them on the procedure for seeking this.

B Members of Staff

- (i) The College takes effective steps at recruitment to establish, as far as possible, the previous record of potential employees with regard to propriety and integrity. In this regard, all members of staff are treated in the same way and the policy applies to all staff, regardless of their contractual status.
- (ii) All employment recruitment is conducted in accordance with the College's procedures and in particular written references regarding honesty and integrity are reviewed before employment offers are confirmed.
- (iii) All members of staff are expected to follow any Code of Conduct related to their personal professional institute and to abide by the College's regulations for staff and their contracts of employment.
- (iv) The College has in place disciplinary procedures for all categories of staff.
- (v) All staff will be informed at their initial induction of the role which they are expected to play within the College's framework of internal control.
- (vi) Members of staff are reminded that they must disclose any pecuniary interests in contracts relating to the College and must not accept any fees or rewards whatsoever other than their proper remuneration. Any gifts which are received by staff must be reported to the Vice Principal Finance and Resources and must be received in keeping with the Financial Regulations.

C Internal Control Systems

- (i) The College has defined Financial Regulations which require all members of staff to act in accordance with best practice. These internal control systems are underpinned by an Internal Audit system which is reviewed by the Corporation's Audit Committee.
- (ii) The College has financial procedures which underpin Financial Regulations and all members of staff are expected to comply with these.

- (iii) The College is committed to developing systems and procedures which are efficient and effective and incorporate such internal controls including an adequate separation of duties to ensure that error or impropriety are prevented. It is the duty of all managers to ensure that such controls, including those within a computerised environment, are properly maintained and effective and appropriately documented. Again these systems are audited by the College's Internal Audit Service.

D Arrangements with Other Agencies

- (i) The College values its partnership arrangements and wishes to continue to develop the exchange of information between the College and other agencies. In respect of fraud and anti-fraud and corruption, it expects to exchange information appropriately. This means that there is the need to liaise with a variety of external agencies.

SECTION THREE

3.1 Detection and Investigation

- (i) Croydon College operates a zero tolerance policy to fraud, bribery and corruption. It is the responsibility of College managers to prevent and detect fraud and corruption although it is often the alertness of other members of staff and members of the College community to the indicators which enable detection to occur and for appropriate action to take place.
- (ii) Croydon College will act in accordance with the Public Interest Disclosure Act 1998 to protect individuals who make certain disclosures of information in the public interest; to allow such individuals to bring action in respect of victimisation; and for connected purposes.
- (iii) All members of staff are required by Financial Regulations to report all suspected irregularities to:

Ann-Christine Harland,
Vice Principal Finance and Resources
email: HARLAA@croydon.ac.uk
telephone: 0208 760 5836

Such reporting is essential to ensure:

- Consistent treatment of information regarding fraud and corruption;
- Proper investigation by an independent team;
- Proper implementation of an investigation plan;
- Optimum protection of the College's interests.

- (iv) If the suspected fraud or irregularity is thought to involve the Vice Principal Finance and Resources and/or the Principal/Chief Executive or any other senior post holder, the member of staff shall notify:

Gordon Smith, Chair of Governors
Email: gordon.smith@riddlesdown.org

Telephone: 0208 655 8721 or

Rosaleen Liard, Chair of Audit Committee

Email: Telephone:

directly of their concerns regarding irregularities and the Chair will initiate action under the College's procedure for dealing with alleged misconduct or unsatisfactory performance of senior post holders

- (v) The College operates a “parallel sanction” action, internal disciplinary action may be conducted simultaneously with criminal investigations’ Depending on the nature and anticipated extent of the allegations, the College will notify its Internal Audit Service and work will take place closely with the Managers and any other agencies such as the Police to ensure that all allegations and evidence are properly investigated and reported upon.
- (vi) A key outcome must be the maximum recovery for the College.
- (vii) The College’s disciplinary procedures will be used for the outcome if the Audit investigation proves improper behaviour.
- (viii) Where financial impropriety is discovered, the College’s presumption is that the Police will be called in. Referral to the Police is a matter for the Principal and referral to the Police will not prohibit action under the disciplinary procedure.
- (ix) The College’s External Auditors also have powers to investigate fraud and corruption independently and their services can be called upon by the College for this purpose.
- (x) Any significant incident involving fraud or irregularity is to be notified to the Funding Body’s Chief Auditor.

SECTION FOUR

FURTHER RELATED GUIDANCE FOR GOVERNORS AND STAFF

4.1 Disclosure of Information and Confidentiality

The College supports the notion of open Governance but any information can only be released upon proper authorisation. Any confidential College papers must not be released without the consent of the Principal. Where necessary, the Principal will ensure that a legally binding agreement is put in place to share information with another institution. It is not appropriate for staff to use any information obtained in the course of their employment for personal gain or benefit or to pass it on to others who might use it in that way. Any information which a member of staff might receive from a Governor which relates to his or her private and personal affairs and which does not belong to the College should not be divulged without the prior approval of that Governor except where such disclosure is required or sanctioned by law. Where information is covered by any statutory provisions such as the Data Protection Act, such provisions must be adhered to.

4.2 Relationships

Members of staff are required to divulge any personal relationships which they have with members of the Corporation, local community and service users and contractors.

4.3 Appointments and Other Employment Matters

Members of staff responsible for appointing employees must ensure that they make those appointment decisions on the basis of merit and in accordance with the College's Policies and Procedures. In order to avoid any possible accusation of bias, any member of staff must not be involved in an appointment where he or she is related to the applicant or has a close personal relationship outside work. Similarly canvassing on behalf of applicants must not take place. In the same way, members of staff must not be involved in decisions relating to discipline, promotion or pay adjustments for any member of staff who is a relative, partner, close friend etc.

4.4. Outside Commitments and Personal Business Interests

Staff off-duty hours are their own personal concern but they are required to avoid putting themselves in a position where their job and personal interests conflict and must, therefore, work in accordance with their contract which requires them to divulge any additional work which they wish to undertake.

4.5 College Policies

Members of staff are required to uphold the College's policies, in particular in relation to Health and Safety, Safeguarding, Data Protection and Equality & Diversity.

4.6 Separation of Roles during Tendering

Members of staff involved in tendering processes must be able to show the following:

- (i) No special favour shown to current or recent former members of staff, employers or their partners, close relatives or associates etc.;
- (ii) Any involvement in the tendering process and dealing with contractors shows a clear separation between client and contractor role;
- (iii) Fairness and impartiality is exercised when dealing with all customers, suppliers, contractors and sub-contractors;
- (iv) There should be no disclosure of information to any unauthorised party or organisation in respect of confidential information on tenders or costs for either internal or external information.

4.7 Corruption

Members of staff must be aware that it is a serious offence for them to receive corruptly or give any gift, loan, fee, reward or advantage for doing or not doing anything, or showing favour or disfavour to any person in their official capacity. When an allegation is made, it will be for the member of staff to demonstrate that such reward has not been obtained corruptly and it is, therefore, improper for members of staff to receive any reward or fee other than pay.

4.8. Gifts

The receipt of gifts is laid down in the Financial Regulations and members of staff must ensure that they do not become involved in any conflict of interest in their duties through the receipt of any gifts, reward or benefits from members of the public or any organisation with whom they are brought into contact by reason of their duties.

4.9. Hospitality

Discretion must be exercised in offering and accepting hospitality and in particular how it might affect relations with the party offering it and how it might be viewed by the Corporation and other agencies.

4.10 Use of Financial Resources

Staff must ensure that they use public funds entrusted to them for which they are responsible in a responsible and lawful manner in accordance with the College's Financial Regulations. They should seek to ensure value for money and to avoid any legal challenge to the College.

4.11 Travel Expenses

Claims for reimbursement of travelling expenses incurred on College business must be in accordance with College policy and in keeping with the Financial Regulations.

4.12 Relationship between staff and students

Staff should be wary of entering into unprofessional relationships with students.