

# Financial Regulations

Manager Responsible – Director of Finance

Version 1.2

Reviewed and Approved by	Policy & Resources Committee
Approved date	21 <sup>st</sup> June 2021
Minute number	
Ratified by	Corporation
Approved date	5 July 2021
Minute number	
Review date	31 July 22
Author / Editor	Susan Evans Interim Finance Director

# Budget Holder Declaration Statement

I, the undersigned, confirm that I have read, understood and accepted the rules and regulations outlined within the SEC Financial regulations July 2021 document and agree to operate within them at all times. I agree the budgets allocated to the areas that I am responsible for.

Name: \_\_\_\_\_

Sign: \_\_\_\_\_

Date: \_\_\_\_\_

## Contents

A	GENERAL PROVISIONS .....	2
1.	Background.....	2
2.	Status of Financial Regulations .....	2
B	CORPORATE GOVERNANCE .....	3
3.	The Governing Body .....	3
4.	Accountable Officer .....	4
5.	Committee Structure .....	4
6.	Other Senior Managers with Financial Responsibility.....	5
7.	Risk management .....	6
8.	Whistleblowing.....	7
9.	Money laundering .....	8
10.	Code of conduct.....	8
11.	Receiving gifts or hospitality.....	9
C	FINANCIAL MANAGEMENT AND CONTROL.....	9
12.	Financial Planning.....	9
13.	Financial Control.....	11
14.	Accounting Arrangements.....	12
15.	Audit Requirements.....	14
16.	Treasury Management .....	16
17.	Income .....	17
18.	Other income-generating activity.....	19
19.	Intellectual Property Rights and Patents .....	21
20.	Expenditure .....	21
21.	Pay Expenditure.....	29
22.	Assets.....	31
23.	Funds Held on Trust.....	33
24.	Other.....	33
25.	Schedule of Appendices.....	36

## **A GENERAL PROVISIONS**

### **1. Background**

- 1.1.** South Essex College of Further & Higher Education Corporation was created under the provisions of the Further and Higher Education Act 1992, as amended by the Education Act 2011. Its structure of governance is laid down in the Instrument and Articles of government, supplemented by the College's Scheme of Delegation and Standing Orders, last updated on 7<sup>th</sup> December 2015. The institution is accountable through its governing body, which has ultimate responsibility for the effectiveness of its management and administration.
  
- 1.2.** The financial memorandum between the funding body and the institution sets out the terms and conditions on which grant is made. The governing body is responsible for ensuring that conditions of grant are met. As part of this process, the institution must adhere to the funding body's audit code of practice, which requires it to have sound systems of financial and management control. The financial regulations of the institution form part of this overall system of accountability.

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

- 2.1.** This document sets out the institution's financial regulations. It translates into practical guidance the institution's broad policies relating to financial control. This document was approved by the governing body 5<sup>th</sup> July 2021. It applies to the institution and all its subsidiary undertakings.
  
- 2.2.** The financial regulations are subordinate to the institution's Instrument and Articles of government and to any restrictions contained within the institution's financial memorandum with the funding body and the funding body's audit code of practice.
  
- 2.3.** The purpose of these financial regulations is to provide control over the totality of the institution's resources and provide management with assurances that the resources are being properly applied for the achievement of the institution's strategic plan and business objectives on a sustainable basis, including
  - maintaining financial sustainability
  - achieving value for money
  - fulfilling its responsibility for the provision of effective financial controls over the use of public funds
  - ensuring that the institution complies with all relevant legislation
  - safeguarding the assets of the institution
  
- 2.4.** Compliance with the financial regulations is compulsory for all staff connected with the institution. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the institution's disciplinary policy. Any such breach will be notified to the governing body through the Audit & Risk Committee. It is the responsibility of heads of departments to ensure that their

staff are made aware of the existence and content of the institution's financial regulations.

- 2.5. The Policy & Resources Committee is responsible for maintaining a continuous review of the financial regulations, on the advice of the Deputy Principal and Chief Executive, and advising the governing body of any additions or changes necessary.
- 2.6. In exceptional circumstances, this Committee may authorise a departure from the detailed provisions herein, such departure to be reported to the governing body at the earliest opportunity.
- 2.7. The institution's detailed financial procedures set out precisely how these regulations will be implemented and are contained in a separate manual that is available to all departments.

## **B CORPORATE GOVERNANCE**

### **3. The Governing Body**

- 3.1. The governing body is responsible for the oversight of the management and administration of the institution. Its financial responsibilities are to:
  - ensure the solvency of the institution
  - appoint, grade, suspend, dismiss and determine the pay and conditions of the Principal and Chief Executive and other senior post holders
  - set a framework for pay and conditions of service for all other staff
  - ensure that the financial, planning, and other management controls, including controls against fraud, theft, abuse of funds, financial mismanagement, irregularity, contractual and regulatory breaches or associated material risks of these occurring applied by the institution are appropriate and sufficient to safeguard public funds
  - approving the appointment of external auditors and if so desired, the internal audit service
  - securing the efficient, economical and effective management of all the institution's resources and expenditure, capital assets and equipment, and staff, so as that the investment of public funds in the institution is not put at risk
  - ensuring that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution
  - planning and conducting its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure
  - approving an annual budget before the start of each financial year
  - determining tuition fees (FE/HE)
  - ensuring that the institution complies with the funding body's audit code of practice
  - approving the institution's strategic plan
  - approving the annual financial statements
  - ensure that HE funding is used for the activities eligible for funding under section 65(2)(c) of the Further and Higher Education Act 1992 and that a clear audit trail exists for such use of funds

- ensure that any HE funds that have been earmarked or provided for a specific purpose are used solely for the purpose for which those funds were earmarked or provided and that a clear audit trail exists for such use of funds
- ensure that all use of HE funds to fund resources and services that also directly benefit FE students or staff can be apportioned to HE and FE accordingly and that FE makes a proportionate contribution to the purchase, supply and upkeep of such shared resources and services
- ensure that HE programmes which are of strategic and operational significance to the FE part of the College and that continue to operate at a deficit and/or are discounted for staff are subsidised accordingly from FE funds.

## **4. Accountable Officer**

- 4.1.** The Principal and Chief Executive (CEO) is the institution's designated accountable officer responsible for the financial administration of the institution's affairs. In this capacity, the Principal and CEO must advise the governing body if, at any time, any action or policy under consideration by them appears to the Principal and CEO to be incompatible with the financial memorandum or runs counter to proper allocation of HE funds. If the governing body decides nevertheless to proceed, the Principal and CEO must immediately inform the Chief Executive of the funding body in writing. The Principal and CEO must ensure that the annual estimates of income and expenditure are prepared for consideration by the governing body and for the management of budgets and resources within the estimates approved by the governing body. As the designated officer, the Principal and CEO may be required to justify any of the institution's financial matters to the Public Accounts Committee of the House of Commons.
- 4.2.** The Principal and CEO may delegate her function under these regulations to another holder of a senior post, for operational reasons, where required in cases of absence. Such delegation will be notified in writing to the Chairman of the Board and to the Deputy Principal and Chief Executive, or the post holder who is fulfilling those functions.

## **5. Committee Structure**

- 5.1.** The governing body has ultimate responsibility for the institution's finances, but delegates specific powers and processes to the committees detailed below. These committees are accountable to the governing body. A diagram depicting the committee structure is included at Appendix A.
- 5.2. Policy & Resources Committee**  
Monitoring the institution's financial position and financial control systems is undertaken by the Policy & Resources Committee. The committee will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the governing body. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. In addition it will consider the institution's capital programme before it is recommended to the governing body for approval. It will consider any other matters relevant to the financial duties of the governing body and make recommendations accordingly. The committee will also ensure that the governing body has adequate information to enable it to discharge its financial responsibilities. The Policy and Resources committee's responsibilities are listed at Appendix B.
- 5.3. Audit & Risk Committee**  
Further and higher education institutions are required by their financial memorandum with the funding body and by the funding body's audit code of practice to appoint an audit committee. Audit & Risk Committee duties are listed at Appendix B.
- 5.4. Curriculum & Quality Committee and Search Committee**  
Neither of these Committees have any financial responsibilities.

#### **5.5. Remuneration Committee**

Determination of the pay and conditions of service of holders of 'senior posts' [Articles of Government – Clause 3(i)(e)] and make recommendations to the Corporation.

## **6. Other Senior Managers with Financial Responsibility**

### **6.1. Principal & CEO**

Day-to-day financial administration is controlled by the Principal & CEO supported by the Deputy Principal and Chief Executive and Director of Finance who are responsible to the Principal & CEO for:

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

### **6.2. Vice Principals**

Vice Principals are responsible to the Principal & CEO for financial management for the areas or activities they control. They are advised by the Principal & CEO in executing their financial duties. The Principal & CEO will also supervise and approve the financial systems operating within their departments including the form in which accounts and financial records are kept.

### **6.3. Assistant Principals & Directors**

Assistant Principals are responsible for establishing and maintaining clear lines of responsibility within their departments for all financial matters. Where resources are devolved to budget holders (Heads of Department, Heads of Support Services or other managers) those budget holders are accountable to their line manager for their budget.

Assistant Principals & Directors shall provide to the Principal & CEO, Deputy Principal & CEO or Vice Principal with such information as may be required to enable:

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

### **6.4. Budget holders**

All budget holders are responsible to the Principal & CEO for financial management for the areas or activities they control. They are advised by the Principal & CEO in executing their financial duties. The Principal & CEO will also supervise and approve



the financial systems operating within their departments including the form in which accounts and financial records are kept. Heads of Department are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters.

Where resources are devolved to budget holders, they are accountable to their head of department for their own budget.

Head of department shall provide the Principal & CEO with such information as may be required to enable:

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

#### **6.5. All members of staff**

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

A member of staff is an individual who is working under a contract of service whether substantive, fractional or fixed term with the College. The contract of service will set out what they are expected to do and the terms of the contract. Staff employed under a contract will be expected to carry out the work themselves; they do not engage someone else to do the work for them. A contract for services is where someone else is engaged to do the work of another. This would relate to workers who are self-employed, independent or contractors or sub-contractors.

They should ensure that they are aware of the institution's financial authority limits and the values of purchases for which quotations and tenders are required.

Delegation Arrangements - Appendix C.

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

They shall provide the Principal & CEO with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the governing body, including, inter alia, providing financial assurance to the Board of any of its Committees.

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

## **7. Risk management**

- 7.1.** Risk management can be defined as '*coordinated activities to direct and control and organisation with regard to risk*'. The institution acknowledges the risks inherent in its business, and is committed to managing those risks which 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 institution will be set out in a separate risk management strategy.

- 7.2.** The governing body has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the institution through the development, implementation and embedding within the organisation of a formal, structured risk management process.
- 7.3.** In line with this policy, the governing body requires that the risk management strategy and supporting procedures include:
- the adoption of common terminology in relation to the definition of risk and risk management
  - the establishment of institution-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 measureable 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; and
  - the capacity for independent verification

Heads of departments must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the institution may be exposed. The Principal & CEO or director of finance advice should be sought to ensure that this is the case.

## **8. Whistleblowing**

- 8.1.** Whistleblowing in the context of the Public Interest Disclosure Act ( <https://www.gov.uk/government/publications/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 or breach of the financial regulations and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 8.2.** Normally, any concern about a workplace matter as the institution should be raised with the relevant member of staff's immediate line manager or head of department. However, the institution recognises that because of the seriousness or

sensitivity of some issues, together with the knowledge of whom the member of staff thinks may be involved, may make this difficult or impossible.

- 8.3.** A member of staff may, therefore make the disclosure to one of the staff designated for this purpose. If the member of staff does not wish to raise the matter with the designated member of staff, or with the principal or the chair of the governing body, it may be raised with the chair of the audit committee.
- 8.4.** The full procedure for whistleblowing is set out in the institution's separate whistleblowing policy, which is available on the college intranet.

## **9. Money laundering**

- 9.1.** Money laundering is the term used for a number of offences involving the proceeds of crime or terrorist funds. The following acts constitute the act of money laundering:

- Concealing, disguising, converting, transferring or removing criminal property from England, Wales, Scotland or Northern Ireland
- Becoming concerned in an arrangement in which someone knowingly suspects or facilitates the acquisition, retention, use of control of criminal property by or on behalf of another person
- Acquiring, using or possessing criminal property.

The institution will take appropriate steps to prevent, wherever possible the organisation and its staff being exposed to money laundering, to identify the potential areas where it may occur and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual and suspected cases.

- 9.2.** The full procedure for dealing with money laundering is set out in the institution's separate Anti-money laundering policy, which is available at Appendix D.

## **10. Code of conduct**

- 10.1.** The institution is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (known as the Nolan Committee) which governing body members and members of staff at all levels are expected to observe. These principles are set out at in the guidance set by the Government's Committee on Standards in Public Life and can be found on the government website <https://www.gov.uk/government/publications/the-7-principles-of-public-life>. In addition, the institution expects that staff at all levels will observe its code of conduct contained in its detailed financial procedures, which covers:

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

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

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

## 11. Receiving gifts or hospitality

**11.1.** The Bribery Act 2010 came into force on 1 July 2011. The Act introduced new offences for acts of bribery by individuals, or persons associated with relevant organisations. The penalties are severe for any employee convicted under the Act, which could mean a criminal record with ten years' imprisonment and unlimited fines. The institution's anti-bribery policy statement can be found on the finance department website. (Appendix D(i))

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

Thus, 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 institution would be likely to provide in return.

When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant head of department or the Principal & CEO. Guidance on acceptable hospitality is contained in the detailed financial procedures. For the protection of those involved, the Principal & CEO (or other delegated officer) will maintain a register of gifts and hospitality received where the value is in excess of £50. Members of staff in receipt of such gifts or hospitality are obliged to notify the Principal & CEO (or other designated officer) promptly.

## C FINANCIAL MANAGEMENT AND CONTROL

### 12. Financial Planning

**12.1.** The Principal & CEO is responsible for preparing annually a rolling two-year financial plan for approval by the governing body on the recommendation of the Policy and Resources Committee and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans and estates strategy approved by the governing body.

**12.2. Budget objectives**

The governing body will set budget objectives for the institution annually. These will help the Principal & CEO in preparing his or her more detailed financial plans for the institution.

### **12.3. Resource allocation**

Resources are allocated annually by the governing body on the recommendation of the Policy and Resources Committee, and on the basis of the above objectives. Heads of departments are responsible for the economic, effective and efficient use of resources allocated to them.

### **12.4. Budget preparation**

The Principal & CEO is responsible for preparing each year an annual revenue budget and capital programme for consideration by the policy and resources committee before submission to the governing body. The budget should also include monthly cash flow forecasts for the year and projected year-end balance sheet. The Principal & CEO must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to heads of department as soon as possible following their approval by the governing body.

In addition, each year a 2 year financial forecast will be presented to the Corporation, which is consistent with the Strategic Plan prior to being submitted to the relevant statutory body. The first year of the forecast should be the budget for the following year. This forecast will be lodged with the Skills Funding Agency after approval by the Corporation.

During the year, the Deputy Principal and Chief Executive is responsible for submitting revised budgets to the Policy and Resources Committee for consideration before submission to the governing body for approval.

### **12.5. Capital programmes**

The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs, whether or not they are funded from capital grants, which are capitalised for inclusion in the institution's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the governing body.

The Principal & CEO will establish protocols for the inclusion of capital projects in the capital programme for approval by the governing body. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. They are shown in more detail in the financial procedures.

The Principal & CEO is responsible for providing regular statements concerning all capital expenditure to the policy and resources committee for monitoring purposes.

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

#### **12.6. Other major developments including overseas activity**

Any new aspect of business, or proposed establishment of a company or joint venture or overseas activity, which will require an investment in buildings, resources or staff time of more than £100,000 should be presented to the Policy and Resources Committee. The institution must have due regard to the relevant guidelines issued by the funding body.

The Principal & CEO will establish protocols for these major developments to enable them to be considered for approval by the governing body. These will set out the information that is required for each proposed development including a business plan, using a risk based approach and covering risk and accountability issues, as well as the financial criteria that they are required to meet. They are shown in more detail in the financial procedures.

### **13. Financial Control**

#### **13.1. Budgetary control**

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day to day monitoring is undertaken effectively. Budget holders are responsible to their head of department for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the Principal & CEO by the head of department concerned and, if necessary, corrective action taken.

#### **13.2. Financial information**

The budget holders are assisted in their duties by management information provided by the Principal & CEO, Deputy Principal and Chief Executive, Vice Principals, Assistant Principals & Directors. The types of management information available to the different levels of management are described in the financial procedures together with the timing at which they can be expected.

The Principal & CEO is responsible for supplying budgetary reports on all aspects of the institution's finances to Policy and Resources Committee on a basis determined by the Committee but subject to any specific requirements of the funding body. These reports are presented to the governing body, which has overall responsibility for the institution's finances.

#### **13.3. Changes to the approved budget**

The Principal & CEO is authorised to incur and vire expenditure within the context of the College's purposes and approved summary level budget approved by the Corporation, except as reserved in Appendix B and such virements should be reported as required in section 13.4.

In exceptional circumstances where expenditure is necessary outside of the approved budget approval should be obtained from the Chair and Vice-Chair of the Corporation.

#### **13.4. Virement**

The Policy & Resources Committee shall be advised of any virements of more than 10% of any of the summary levels as reported in the approved budget or if more than £100,000.

### **14. Accounting Arrangements**

#### **14.1. Financial year**

The institution's financial year will run from 1 August to 31 July the following year.

#### **14.2. Basis of accounting**

The consolidated financial statements are prepared in accordance with FRS102 the Financial Reporting Statement applicable in the UK and Republic of Ireland.

#### **14.3. Format of the financial statements**

The financial statements are prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015*, subject to any specific requirements of the funding body (Accounts Direction), and in accordance with the provisions of the Companies Act 2006, if that is appropriate, and applicable Accounting Standards.

#### **14.4. Capitalisation and depreciation**

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

##### *Land and buildings*

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Thurrock and Southend Campuses – 60 years
- All other buildings – 50 years
- Refurbishments – 10 years

Freehold land is not depreciated.

The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 60 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1992 as deemed cost but not to adopt a policy of revaluations of these properties in the future.

***Assets in the course of construction***

Assets in the course of construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

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

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

***Equipment***

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- technical equipment 5 years
- motor vehicles 5 years
- computer equipment 3 years
- furniture, fixtures and fittings 10 years

**14.5. Accounting records**

The Principal & CEO is responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities.

Prime documents include:

- Official purchase orders
- Paid invoices
- Accounts raised
- Bank statements
- Copies of receipts
- Paid cheques
- Payroll records including part-time lectures' contracts.

The Principal & CEO will make appropriate arrangements for the retention of electronic records.

The institution is required by law to retain prime documents for six years. Additionally, for auditing purposes, other financial documents should be retained for three years or as determined by the funder. Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations.



#### **14.6. Public access**

Under the terms of the financial memorandum/funding agreement, the governing body is required to supply any person with a copy of the institution's most recent financial statements within two months of request. The Act enables the governing body to levy a reasonable fee and this will be charged at the discretion of the Principal & CEO. The institution will also allow members of the public to inspect the statement of accounts during normal working hours, provide copies to local libraries and make them available on the institution's website.

#### **14.7. Taxation**

The Principal & CEO is responsible for advising heads of department on all taxation issues, in light of guidance issued by the appropriate bodies and relevant legislation as it applies to the institution having taken advice, where necessary, from external experts. Therefore the Principal & CEO will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, National insurance, corporation tax and import duty.

The Principal & CEO is responsible for maintaining the institution's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

### **15. Audit Requirements**

#### **15.1. General**

External auditors and internal auditors shall have authority to:

- access institution's premises at reasonable times
- access all assets, records, documents and correspondence relating to any financial and other transactions of the institution
- require and receive such explanations as are necessary concerning any matter under examination.
- Require any employee of the institution to account for cash, stores or any other institution property under his or her control
- Access records belonging to third parties, such as contractors, when required.

The Principal & CEO is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

Following consideration by the Policy and Resource Committee, the financial statements should be reviewed by the Audit & Risk Committee. On the recommendation of the Policy & Resources and Audit committees, they will be submitted to the governing body for approval.

- 15.2.** The external auditors should be appointed annually by the governing body. The governing body will be advised by the Audit & Risk Committee. It is good practice for a competitive tendering exercise to be held at regular intervals, at least every five years.

The primary role of external audit is to report on the institution's financial statements and carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in

accordance with advice set out in the funding body's audit code of practice and the Auditing Practices Board's statement of auditing standards.

### **15.3. Internal audit**

The internal auditor is appointed by the governing body on the recommendation of the Audit & Risk Committee.

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

The internal audit service remains independent in its planning and operation but has direct access to the governing body, the Principal and Chief Executive and chair of the Audit Committee.

### **15.4. Fraud and corruption**

It is the duty of all members of staff, management and the governing body to notify the Principal & CEO immediately whenever any matter arises which involves, or is thought to involve, irregularity including fraud, corruption or any other impropriety. The institution's fraud policy statement is included at Appendix E.

The Principal & CEO shall immediately invoke the fraud response plan, which incorporates the following key elements (see Appendix E for fuller details).

- He or she will notify the Chair of the Corporation, the Clerk to the Corporation and the Audit & Risk Committee (through its chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report. The external and internal (if appointed) auditors should also be informed.
- He or she shall inform the Policy & Resources Committee if a criminal offence is suspected of having been committed
- Any significant cases of fraud or irregularity shall be reported to the funding body in accordance with its requirements as set out in the audit code of practice.
- The Audit & Risk Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate.
- The internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the audit committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Principal & CEO, the member of staff shall notify the Chair of the Audit & Risk Committee direct of his or her concerns regarding irregularities.

### **15.5. Value for money**

It is a requirement of the financial memorandum that the governing body of the institution is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the funding 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 & Risk Committee to refer to value for money in its annual report.

### **15.6. Other auditors**

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

## **16. Treasury Management**

### **16.1. Treasury management policy**

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

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Principal & CEO and an appropriate reporting system set up. All borrowings shall be undertaken in the name of the institution and shall conform to any relevant funding body requirements. The Principal & CEO and his or her staff are required to act in accordance with CIPFA's code of practice.

The Principal & CEO will report to the Policy & Resources Committee regularly in each financial year on the activities of treasury management operation and on the exercise of delegated treasury management powers.

### **16.2. Appointment of bankers and other professional advisors**

The governing body is responsible for the appointment of the institution's bankers and other professional financial advisors (such as investment managers) on the recommendation of the Policy and Resources Committee. The appointment shall be for a specified period (not more than five years) after which consideration shall be given by the Policy & Resources Committee to competitively tendering the service.

### **16.3. Banking arrangements**

The Principal & CEO is responsible on behalf of the Corporation, for liaising with the institution's bankers in relation to the institution's bank accounts.

Only the Principal & CEO officer may open or close a bank account for dealing with the institution's funds. All bank accounts shall be in the name of the institution or one of its subsidiary companies.

All automated transfers on behalf of the institution, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Policy & Resources Committee. Details of authorised persons and limits shall be documented in the institution's detailed financial procedures (See 20.2).

The Principal & CEO is responsible for ensuring that all bank accounts are subject to regular reconciliation (at least monthly) and that large or unusual items are investigated promptly.

## **17. Income**

### **17.1. General**

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

Levels of charges for contracts, research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Policy & Resources Committee, and are approved by the governing body.

The Principal & CEO is responsible for the prompt collection, security and banking of all income received.

The Principal & CEO is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the institution's accounts.

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

The Principal & CEO is responsible for ensuring that all claims for funds, including research grants and contracts are made by the due date.

### **17.2. Maximisation of income**

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

### **17.3. Receipt of cash, cheques and other negotiable instruments**

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, for example cash, cheques and other negotiable instruments.

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

All sums received should be paid in and accounted for in full. However the Treasury Function with the approval of the Director of Finance is authorised to 'top up' petty cash floats from banking monies. All other departments must pay account for sums received in full. Personal or other cheques must not be cashed out of money received on behalf of the institution.

#### **Receipts by credit or debit card**

The institution can receive payments by debit or credit card over the telephone or cash office counter using merchant terminals provided by the institutions banker. These terminals support primary account number (PAN) truncations where the card number is partially obscured on the customer receipt. A copy of the receipt should be retained to support evidence of payment.

In operating this facility, the institution is bound to the Payment Card Industry Data Security Standard (PCI DSS), which is designed to ensure cardholder information is stored, processed and transmitted securely.

The Principal & CEO is responsible for ensuring the institution maintains PCI DSS compliance, which is monitored by the banks' merchant services unit.

#### **Internet receipts**

The institution offers an online payment facility to students for secure payments of tuition fees/other costs associated with their studies and to the general public for some other types of services.

Access is via a secure login through the institution portal or approved in-house website. Once successful payment has been made, a receipt will be generated electronically to the email address specified when lodging the cardholder details. The receipt should be retained to support evidence of payment.

In operating this facility the institution is subject to continuous risk assessment and annual review by the external service provider.

### **17.4. Collection of debts**

The Principal & CEO should ensure that:

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

Only the Principal & CEO can implement credit arrangements and indicate the periods in which different types of invoice must be paid. Any subsequent changes must be submitted to the Policy & Resources Committee for approval.

**17.5. Bad debt write off**

Any request to write off debts in excess of £20,000 must be referred to the Principal & CEO and then submitted to the Policy & Resources Committee for consideration. Debts below this level may be written off in accordance with the delegation limits.

**17.6. Student fees**

The procedures for collecting tuition and residence fees must be approved by the Principal & CEO. He or she is responsible for ensuring that all student fees due to the institution are received promptly.

Any student who has not paid an account of fees or any other item owing to the institution shall be prevented from re-enrolling at the institution and from using any of the institution's facilities unless appropriate arrangements to collect the debt have been made.

**17.7. Refunds**

The institution seeks to minimise the opportunities for money laundering in accordance with the Money Laundering Regulations 2007. Where refunds are required, they should be made to the original payer and follow the method by which the money was received. For further information see the institution's policies on bribery and money laundering.

**17.8. Student Loans**

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

**17.9. Emergency/hardship loans**

These are administered by the Student Support department in accordance with guidance provided by the funding authorities.

## **18. Other income-generating activity**

**18.1. Private consultancies and other paid work**

Unless otherwise stated in a member of staff's contract

- outside consultancies or other paid work may not be accepted without the consent of the head of department (and in the case of a Head of Department, the Principal & CEO)
- application for permission to undertake work as a purely private activity must be submitted to the Head of Department or the Principal & CEO, 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 resources of the institution required ( for the calculation of any charge at the full economic cost)
  - an undertaking that the work will not interfere with the teaching and normal institutional duties of the member (s) of staff concerned.

**18.2. Short courses and services rendered**

In this context, a short course is any course that does not form part of the award-bearing teaching load of the department. Any team or member of staff proposing to initiate any new institution business activity outside the Funding Body funded programme should complete a 'Course/Conference proposal and costing form'. This should be approved by the Head of Department, and appropriate Vice Principal as well as the Deputy CEO.

**18.3. Collaborative provision including franchising**

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

There shall be a contract signed by the Principal & CEO and on behalf of any partner organisation that shall comply with the funding body contracting model (as amended from time to time) in place before any provision is made. Contracts for significant changes in franchising activity shall be approved in advanced by the governing body.

The form of contract shall be scrutinised in advance of its operation by the audit and risk committee and approved by the policy and resources committee or the governing body.

The impact of the contract (s) shall be subject to scrutiny by the policy and resources committee or the governing body. The format for regular reports shall be as stated in funding body guidance. They shall consider the risk factors associated with proposed partnering and agree an appropriate entry in the institution's financial forecast.

**18.4. European Union and other matched funding**

Any such project requires the approval of the appropriate officer prior to any commitment being entered into. Such approval shall be dependent upon the relevant head of department being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the institutions costing and pricing policy.

Individual applications for funds in excess of £50,000 shall be the subject of a report by the principal and chief executive officer to the governing body which will set out, among other things, the potential risks generated by the project.

If the institution sub-contracts such work to external providers, the relevant head of department shall ensure that:

- this is on the basis of written contract which allows for full audit access to detailed records
- appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality
- payments are only made against detailed invoices.

### **18.5. Profitability and recovery of overheads**

All other income-generating activities must be self-financing or surplus generating unless it is intended that a new course be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the head of department and the principal and chief executive officer.

Other income-generating activities organised by members of staff must be costed and agreed with the principal and chief executive officer before any commitments are made. Provision must be made for charging both direct and indirect costs in accordance with the institutions costing and pricing policy, in particular for the recovery of overheads.

### **18.6. Deficits**

Any unplanned deficits incurred on income-generating activities will be a charge to departmental funds.

### **18.7. 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 must be approved by the Head of Department and appropriate Vice Principal and in the case of the Head of Department, the Principal and CEO.

## **19. Intellectual Property Rights and Patents**

### **19.1. General**

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

### **19.2. Patents**

The Policy & Resources Committee is responsible for establishing procedures to deal with any patents which might accrue to the institution from inventions and discoveries made by staff in the course of their research.

### **19.3. Intellectual property rights**

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

## **20. Expenditure**

### **20.1. General**

The Principal & CEO is responsible for making payments to suppliers of goods and services to the institution.



## **20.2. Scheme of delegation/financial authorities**

Vice Principals, Assistant Principals, Directors and Heads of Department are responsible for purchases made within his or her department. Purchasing authority may be delegated to named individuals within the department in exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures.

The Principal & CEO shall maintain a register of authorised signatories and heads of department must supply him or her with specimen signatures of those authorised to approve expenditure.

Under procedures agreed by the Principal and CEO, central control by the Finance Shared Service shall be exercised over the creation of users authorised to raise purchase requisitions. The Principal and CEO authorises and the respective financial limits in accordance with the Delegation Schedule at Appendix C.

Any changes to the authorities to commit expenditure must be notified to the Principal and CEO and Deputy Principal and Deputy CEO immediately.

Budget holders are not authorised to commit the institution to expenditure without first reserving sufficient funds to meet the purchase cost. The member of staff (or budget holder) authorising the invoice for payment must be different from the member of staff responsible for final approval of the purchase order form.

## **20.3. Procurement**

The institution requires all budget holders, irrespective of the source of funds to obtain supplies, equipment and services, at the lowest possible cost consistent with quality, delivery requirements and sustainability and equality legislation, and in accordance with sound business practice, taking into account framework agreements as appropriate. Factors to be considered in determining lowest cost are noted in the financial procedures.

The purchasing function including within Essex Shared Services is responsible to the Principal & CEO (or other designated officer) although it may be delegated to another member of staff. It will:

- ensure that the institution's purchasing policy is known and observed by all involved in purchasing for the institution
- provide advice on matters of institution purchasing policy and practice
- provide advice to and assist departments where required on specific departmental purchases
- develop appropriate standing supply arrangements on behalf of the institution to assist budget holders in meeting their value for money obligations
- review all orders above £10,000
- draft and negotiate all large-scale purchase contracts (generally in excess of £50,000) undertaken by the institution, in collaboration with the responsible department.
- ensure that the institution complies with UK regulations on public purchasing policy, where relevant.

### **Purchase orders**

The ordering of goods and services shall be in accordance with the institution's detailed financial procedures/purchasing policies. Purchase Orders **must be placed** for the purchase of goods and services with the following exceptions:

- Examinations fees
- Agency fees – where there is an agreement through Human Resources
- Rental of properties – where there is a separate lease in place
- All utility invoices - gas, electricity, rates, water, telephone, mobile phone
- Where a supplier requires up-front payment e.g. PROFORMA invoice, BACS payment in an emergency only
- Student fee refunds
- Some funded projects – ESF, ETF
- Procurement card purchases
- Petty cash

In exceptional circumstances, urgent orders may be given orally but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.

When transferring goods or services between departments, an interdepartmental transfer form must be used.

It is the responsibility of the Principal & CEO (through the institution's purchasing officer) to ensure that all purchase orders refer to the institution's conditions of contract (see 20.8 and Appendix F).

#### **20.4. Purchasing cards**

The operation and control of the institution's purchasing cards are the responsibility of the Principal & CEO. There will be appropriate oversight of the distribution of such cards and the associated credit limits.

Holders of cards must use them only for the purpose for which they have been issued and within the authorised purchase limits. Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action.

Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the cost. The Principal & CEO shall determine what information is required on purchases made with cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained. There should be appropriate segregation of duties, with those reviewing and reconciling cards not holding and using those cards.

Details of the operation of the scheme are set out in the financial procedures.

## **20.5. Tenders and quotations**

All staff must comply with the College's tendering procedures contained in the College's code of tendering practice, which are applicable as follows:

- Under £1,000 at least one quote should be obtained
  - £1,001 - £10,000 the budget holder should obtain two/three quotations using E- sourcing (DELTA)
  - from £10,001 to £100,000 the budget holder shall be required to obtain at least three to five quotations and follow procurement guidelines E-sourcing (DELTA)
  - Over £100,000. Essex Shared Services Ltd procurement team will advise and arrange with the budget holder the procurement process through E-sourcing (DELTA).
- Value for money must be obtained in all cases. Aggregated spend with one supplier through multiple purchases to avoid procurement processes or compliance with financial regulations, is not permitted.

The award of contracts over £100,000 will be reported to the governing body.

Only partnership arrangements for the supply of goods or services specifically approved the governing body will fall outside of these arrangements for tenders and quotations.

The main points covered by the College's code of tendering practice are described at Appendix G and may be subject to special rules imposed by funding bodies

## **20.6. Post-tender negotiations**

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

- it would not put other tenderers at a disadvantage or show favouritism
- it would not affect their confidence and trust in the institutions tendering process.

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

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

All post-tender negotiations should be reported to the Policy and Resources Committee.

## **20.7. Contracts**

Building contracts are the responsibility of the Policy & Resources Committee and are administered by the institution's Deputy CEO.

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

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

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Principal & CEO as appropriate for Policy & Resources Committee consideration. Investment appraisals should comply with appropriate funding body guidance.

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

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

Conditions of contract for the purchase of goods will be followed as described in the institution's detailed financial procedures. The main points are described at Appendix F.

#### **20.8. UK Regulations**

The Purchasing Manager is responsible for ensuring the institution complies with its legal obligations concerning UK procurement legislation. UK procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The Purchasing Manager will advise Heads of Department on the thresholds that are currently in operation. A breach of these UK regulations is actionable by a supplier or potential supplier.

It is the responsibility of Heads of Departments to ensure that their members of staff comply with UK regulations by notifying the Purchasing Manager of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as - Find a tender service (FATS).

The Purchasing Manager is also required annually to submit to the funding body details on expenditure which exceeds the threshold. Copies of the relevant documentation falling into this category must be provided by heads of department to the purchasing officer

#### **20.9. Receipt of goods**

All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and/ or weight and inspected for quality and specification. A

delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

All goods received shall be entered onto an appropriate goods received document or electronic receipting system on the day of receipt. If the goods are deemed to be unsatisfactory the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery the record should be marked accordingly and the supplier immediately notified.

All persons receiving goods on behalf of the institution must be independent of those who negotiated prices and terms and placed the official order.

#### **20.10. Payment of invoices**

The procedures for making all payments shall be in a form specified by the Principal & CEO.

The Principal & CEO is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer on a fortnightly basis. In exceptional circumstances the Principal & CEO will prepare cheques urgent payments.

Vice Principals, Assistant Principals, Directors and Heads of Department are responsible for ensuring that expenditure within their departments does not exceed funds available.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to Essex Shared Services Ltd.

Care must be taken to ensure that discounts receivable are obtained.

Payments will only be made by the Principal & CEO against invoices that can be matched to a receipted order or have been certified for payment by the appropriate Head of Department or Budget Holder.

Certification of an invoice or receipting of an electronic order will ensure that:

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

#### **20.11. Staff reimbursement**

The institution's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasions, staff may incur expenses most often in relation to travel, and are entitled to reimbursement (\*see 21.5).

Where such purchases by staff are planned, the Principal & CEO and the relevant Head of Department may jointly approve cash advances to staff who are going to incur expenditure on the institution's behalf. At the end of the month when the expenditure was incurred to which the advance related, a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding

#### **20.12. Petty Cash**

Where a single item is for less than £50 it should be paid from petty cash if no purchase card is available and must be supported by receipts or vouchers where available.

The Principal & CEO shall make available to departments such imprests as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.

Requisitions for reimbursements must be sent to the Principal & CEO, 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 institution's insurers when not in use and will be subject to periodic checks by the head of department or another person nominated by him or her.

Standard institution's petty cash books are supplied by the Principal & CEO and must be used for recording all imprest accounts.

At the end of the financial year for audit purposes, a certificate of the balances held should be completed by the member of staff responsible for the float and counter-signed by the head of department. Periodic review of floats should be carried out by the Head of Shared Services (or delegated representative) and any differences investigated and documented.

#### **20.13. Other Payments**

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Principal & CEO, supported by detailed claims approved by the head of department.

Individual payments under 'outward collaborative provision' contracts shall be authorised by the Principal & CEO. This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved under a scheme set out by the Policy and Resources Committee.

#### **20.14. Late payment rules**

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

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

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

#### **20.15. Project advances**

The Principal & CEO and the relevant Head of Department may jointly approve cash advances for projects carried out away from the institution where cash expenditure may unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or an institution credit card.

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

#### **20.16. Giving hospitality**

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

The limits concerning acceptable expenditure for entertaining guests are set out in the institution's detailed financial procedures.

It is an offence under section 7 of the Bribery Act 2010 for commercial organisations to fail to prevent persons associated with them for bribing another person on their behalf. The institution's anti-bribery policy and procedures can be found at Appendix D(i)

#### **20.17. Telecoms**

The institution will reimburse staff for the cost of necessary business calls made from a private home phone or personal mobile in performance of employment duties.

The institution does not reimburse the cost of private line rental or broadband connections.

The institution provides mobile phones to a limited number of employees where there is a genuine business requirement to enable performance of employment duties

**20.18. Provision of clothing**

Where clothing is provided to employees whose duties require them to wear a uniform, that clothing must bear an institution logo. The logo must be permanent and clearly identify the wearer as a member of staff.

**20.19. Payments to volunteers**

It is the responsibility of the Head of Department to ensure that payments made to volunteers are correctly administered. The institution allows two types of payment from an approved budget:

- reimbursement of actual travel and subsistence costs when fully supported by receipts
- a small gift or thank you payments as long as it is clearly a token of appreciation not compensation, and there is no sense that those goods, vouchers or cash are expected in advance.

## **21. Pay Expenditure**

**21.1. Remuneration policy**

All institution staff will be appointed to the salary scales approved by the Principal & CEO and in accordance with appropriate conditions of service. All letters of appointment must be issued by the human resources office.

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

Salaries and other benefits for senior post holders will be determined by the remuneration committee set up by the governing body.

**21.2. Appointment of staff**

All contracts of service shall be concluded in accordance with the institution's approved human resources practices and procedures and all offers of employment with the institution shall be made in writing by the Head of Human Resources. Budget holders shall ensure that the Principal & CEO, the Deputy CEO and Head of Human Resources are provided promptly with all the information they may require in connection with the appointment, resignation or dismissal of employees.

**21.3. Salaries and Wages**

The Principal & CEO is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All time sheets and other 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 Principal & Chief Executive.

The Head of Human Resources will be responsible for keeping the Principal & CEO informed of all matters relating to human resources for payroll purposes. In particular these include:

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

The Principal & CEO is responsible for payments to non-employees (including subcontractors and consultants) and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

The Principal & CEO shall be responsible for keeping all records relating to payroll including those of statutory nature.

All payments must be made in accordance with the institution's detailed payroll financial procedures and comply with HM Revenue & Customs regulations. Staff should be aware that the institution could incur penalties for non-compliance with such regulations.

#### **21.4. Superannuation schemes**

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

The Principal & CEO is responsible for day-to-day superannuation matters including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes

The Deputy CEO is responsible for administering eligibility to pension arrangements and for informing the Principal & CEO when deductions should begin or cease for staff.

#### **21.5. Expenses and allowances**

The institution has dispensation from HM Revenue & Customs to make payments to employees for certain specified items without deduction of income tax.

Reimbursement by the institution of expenditure not included in the dispensation is subject to the deduction of income tax before payment.

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

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in using the on line expenses system Agresso Business world which has been approved by the Principal & CEO.

Claims by members of staff must be authorised by their head of department appropriate line manager. The on line approval shall be taken to mean that:

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

Arrangements for travel by the Principal & CEO or members of the governing body shall be approved by the chair of the governing body. Arrangements for travel by the chair shall be approved by the Vice Chairman of the Governing Body

#### **21.6. Overseas travel**

All arrangements for overseas travel must be approved by the Principal & CEO in advance of committing the institution to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Principal & CEO or members of the Governing Body shall be approved by the Chair of the Governing Body. Arrangements for travel by the chair shall be approved by the Vice Chairman of the Governing Body.

All overseas travel should be planned in accordance with the academic and/or business need for such travel and the appropriateness of the visit, representing best value for the College, paying particular attention to the Health and safety of staff involved in such travel.

Where the institution's equipment is taken overseas, appropriate arrangements for its security and insurance must be in place.

#### **21.7. Allowances for members of the governing body**

Claims forms for members of the governing body will be authorised by the Principal & CEO. Claims for meeting attendance will be based on out-of-pocket expenses, but only reasonable expenses can be reimbursed.

#### **21.8. Severance and other non-recurring payments**

Severance payments shall only be made in accordance with relevant legislation and funding body guidance on a case by case basis, having regard to the best interest of the College. Professional advice should be obtained where necessary. No amounts shall be expended which exceed the budget allocated for the purpose. All such payments shall be authorised by the Principal & CEO and calculations checked by the Head of Human Resources or the Deputy CEO. Any individual amounts which are in excess of one year's gross salary or £25,000 whichever is the greatest require approval by the Policy & Resources Committee. Amounts paid should be declared in the financial statements.

All matters referred to an industrial tribunal shall be notified to the Policy & Resources Committee at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified

## **22. Assets**

### **22.1. Land, buildings, fixed plant and machinery**

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

### **22.2. Fixed asset register**

The Principal & CEO is responsible for maintaining the institution's register of land, buildings, fixed plant and machinery. Heads of departments will provide the Principal & CEO with any information he or she may need to maintain the register.

### **22.3 Inventories**

Heads of departments are responsible for maintaining inventories for equipment, consumable stock and stock for re-sale. Inventories should be maintained on a perpetual basis and are subject to inspection and count without warning.

Inventories must be checked at least annually as described in the institution's detailed financial procedures.

When transferring equipment, etc, between departments, a transfer record must be kept and the inventories amended accordingly.

### **22.4 Stocks and stores**

Heads of departments are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting in departments must have the approval of the Principal & CEO.

Heads of departments 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 heads of department whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Principal & CEO and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the institution's detailed financial procedures.

All stock write-offs must be approved by the Finance Director £0-£5000 and Deputy CEO over £5000

### **22.5 Safeguarding assets**

Heads of department are responsible for the care, custody and security of the buildings, stocks, stores, furniture, cash, etc under their control. They will consult the Principal & CEO in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

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

### **22.6 Personal use**

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

### **22.7 Asset disposal**

Disposal of equipment and furniture must be in accordance with procedures agreed by the Policy & Resources Committee and contained in the institution's detailed financial procedures.

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

### **22.8 All other assets**

Heads of departments are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the institution, whether tangible (such as stock – see above) or intangible (such as intellectual property – see paragraph 19), including electronic data.

## **23. Funds Held on Trust**

### **23.1 General**

The Principal & CEO is responsible for ensuring that incoming funds are properly classified and designated as appropriate.

### **23.2 Gifts, benefactions and donations**

The Principal & CEO is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the institution and initiating claims for recovery of tax where appropriate.

### **23.3 Student welfare and access funds**

The Principal & CEO will prescribe the format for recording the use of student welfare funds.

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

## **24. Other**

### **24.1 Insurance**

The Principal & CEO is responsible for the institution's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy (see paragraphs 8.1 to 8.4), all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities such as terrorism and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the finance committee annually.

The Principal & CEO is responsible for effecting insurance cover as determined by the Policy & Resources Committee. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Principal & CEO will keep a register of all insurances effected by the institution and the property

and risks covered. He or she will also deal with the institution's insurers and advisers about specific insurance problems.

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

The DCEO 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 institution shall maintain appropriate insurance cover for business use.

#### **24.2 Companies, joint ventures and consortium arrangements**

In certain circumstances it may be advantageous to the institution to establish a company, joint venture or consortium arrangement to undertake services on behalf of the institution. Any member of staff considering the use of such arrangements should first seek the advice of the Principal & CEO, who should have due regard to guidance issued by the funding body.

The governing body is responsible for approving the establishment of all companies, joint ventures or consortiums and the procedure to be followed in order to do so. This will have regard to any guidance provided by the funding bodies. The process involved in forming a company, joint venture or consortium and arrangements for monitoring and reporting of the activities of these undertakings are documented in the institution's financial procedures.

It is the responsibility of the governing body to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the institution.

The directors of companies where the institution is the majority shareholder must submit, via the Policy & Resources Committee, an annual report to the governing body. They will also submit business plans or budgets as requested to enable the committee to assess the risk to the institution. The institution's internal and external auditors shall also be appointed to such companies.

Where the institution is the majority shareholder in a company, that company's financial year shall be consistent with that of the institution. All companies within the College group will comply with the College's financial regulations.

#### **24.3 Security**

Keys to safes or other similar containers must be kept securely at all times. The loss

of such keys must be reported to the Principal & CEO immediately.

An officer shall be responsible for maintaining proper security and privacy of information held on the institution's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs, together with restricted physical access to network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

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

#### **24.4 Students' union (constituent part 24)**

The students' union is a constituent part of the institution and as such is responsible to the governing body.

Subject to any constraints imposed by the funding body, the governing body shall determine the level of any grant to be paid annually to the students' union and approve their budget for the year.

The students' union is responsible for maintaining its own bank account (if necessary) and financial records and for preparing its own annual financial statements, but with assistance of College staff.

In accordance with an agreement between the institution and the students' union, the union will provide monthly statements of income and expenditure to the Principal & CEO (and if necessary the Policy & Resources Committee) promptly to enable him/her to ensure that financial disciplines are maintained.

At year end the students' union accounts will be presented to the Governing Body on request for information.

In accordance with an agreement between the institution and the students' union, the institution's internal auditor shall have access to records, assets and personnel within the students' union in the same way as in other areas of the institution.

#### **24.5 Use of the institution's seal**

Where a deed or document requires the institution's seal, it must be sealed by the Principal & CEO, another senior post holder delegated for that purpose together with a member of the governing body, usually the Chairman, or another member authorised by the Board.

The Clerk is responsible for submitting a report to each meeting of the governing body detailing the use of the institution's seal since the last meeting.

#### **24.6 Provision of indemnities**

Any member of staff asked to give an indemnity, for whatever purpose, should consult the Principal & CEO before any such indemnity is given

## 25. Schedule of Appendices

<b>Appendix Reference</b>	<b>Appendix Title</b>	<b>Status</b>	<b>Approval Date</b>	<b>Review Date</b>
A	Governance Structure	Approved	July 2017	At any change of Committee Structure
B	Schedule of Governance Delegation	Approved	Dec 2015	As directed by the Clerk to the Corporation
C	Financial Delegation Schedule	Approved	July 2019	31 <sup>st</sup> October 2021
D(i)	Anti-Bribery Policy and Procedures	Approved	July 21	31 <sup>st</sup> July 2023
D(ii)	Anti-Money Laundering Policy & Procedures	Approved	July 21	31 <sup>st</sup> July 2023
E(i)	Fraud Policy Statement	Approved	July 21	31 <sup>st</sup> July 2023
E(ii)	Fraud Policy Procedures	Approved	July 21	31 <sup>st</sup> July 2023
E(iii)	Fraud Response Plan	Approved	July 21	31 <sup>st</sup> July 2023
E(iv)	Fraud Investigation	Approved	June 2015	31 <sup>st</sup> July 2023
F	Conditions of Contract for the Purchase of Goods	Approved	June 2015	31 <sup>st</sup> December 2020
G	Code of Tendering Practice	To be completed		31 <sup>st</sup> December 2021
H	Treasury Policy	Approved	Feb 2021	28 <sup>th</sup> February 2023