

Policy Title	City College Plymouth Financial Regulations
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Equality Impact Assessment	The implementation of this policy is not considered to have a negative impact on protected characteristics.
Freedom of Information	This document will be publically available through the City College Plymouth website and Staff Central.
Review Date	July 2024
Policy Summary	<p>The Financial Regulations translate the Groups broad policies relating to financial control into practical Guidance. They are subordinate to the Corporation's Instrument and Articles of Government and to any restrictions contained within the Group's Financial Memorandum with the ESFA and the Funding Agencies' Audit Code of Practice. Compliance is compulsory for all colleagues.</p> <p>Financial Policies and Procedures set out how these regulations must be implemented.</p>
Changes to Earlier Versions	
Previous Review /Approval Date	<p>Approved July 22</p> <p>The main changes made in this version for approval are listed below.</p>
July 23	<p>Changes to reflect current management structure and titles, changes to limits following complete review during 2022/23 and changes following the reclassification of FE Colleges and their subsidiaries. (Changes highlighted in Red on Matrix and linked to the net operating budget/targets being complied with) covering section:</p> <p>FR 8.0 Authorisation of Pay Costs (Recruitment/variations)</p> <p>FR 24.0 Reclassification (DFE)</p>



Linked Documents (Matrix of delegation)

Document Title	Relevance
Scheme of Delegation Matrix	Scheme of Delegation Matrix reviewed July 23

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GENERAL PROVISIONS

1.1 STATUS OF FINANCIAL REGULATIONS

These Financial Regulations govern the conduct of the Corporation of City College Plymouth (the College), its members, staff and agents in relation to all financial matters. They shall be read in conjunction with and be subordinate to the Further and Higher Education Act 1992, the Learning and Skills Council Act 2000, the Instrument and Articles of Government of the College and the Financial Memorandum for the time being between the Skills Funding Agency and the College.

The College is an exempt charity by virtue of the Charities Act 1993.

The financial memorandum between the Education Skills Funding Agency (ESFA) and the College sets out the terms and conditions on which a grant is made. The Board of Governors are responsible for ensuring that conditions of the grant are met. As part of this process, the Board of Governors must adhere to the funding bodies' Joint Audit Code of Practice, which requires it to have sound systems of financial and management control and is inclusive of the changes brought about by the ONS reclassification and the new requirements relating to managing public money. The financial regulations of the Board of Governors form part of this overall system of accountability.

1.2 COMPLIANCE

The purpose of these financial regulations is to provide control over the totality of the College's resources and provide management with assurance that the resources are being properly applied for the achievement of the College's Strategic Plan and Business Objectives:

- Financial viability
- Achieving value for money
- Fulfilling its responsibility for the provision of effective financial controls over the use of public funds
- Ensuring that the College complies with all relevant legislation
- Safeguarding the assets of the College

The Executive of Finance shall ensure that all members of the Corporation and all Budget Managers are provided with copies of the current Financial Regulations, which apply to all staff, and that appropriate training in their application is provided. Compliance with the financial regulations is compulsory for all staff connected with the College. All Budget Managers must sign the financial regulations receipt form to confirm that they have received these regulations on an annual basis to ensure all staff know and are aware of their responsibility and accountability. A member of staff who fails to comply with the

financial regulations may be subject to disciplinary action under the College's disciplinary policy. The Board of Governors will be notified of any such breach through the Audit Committee.

It is the responsibility of the Head of Finance and all line managers to ensure that their staff are made aware of the existence and content of the Financial Regulations and that an adequate number of copies are available for reference within their department.

The Board of Governors are responsible for the oversight and governance of the College. Its financial responsibilities are to:

- Operate in accordance with the instruments and articles of governance;
- Ensure the solvency of the College and the safeguarding of its assets;
- Appoint, grade, suspend, dismiss and determine the pay and conditions of service of the CEO, Principal, Chief Executive, the Director of Governance and other Designated Senior Post-Holders;
- Set a framework for pay and conditions of service of all other staff;
- Ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the College are appropriate and sufficient to safeguard public funds;
- Appoint the external auditors and an internal audit service;
- Secure the efficient, economical and effective management of all the College's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the College is not put at risk;
- Ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution;
- Approve an annual budget before the start of each financial year;
- Determine tuition fees policy on an annual basis
- Ensure that the Board of Governors and the College complies with the Joint Audit Code of Practice;
- Approve the College's strategic plan;
- Approve the annual financial statements;

The Board of Governors must notify the funding body in writing if at any time there is a significant deterioration (not limited to but a downward trend in any of the key indicators on the balanced scorecard) in its financial position. Where the funding body has concluded that there is a significant risk to the College's financial position, the funding body may require the College to put in place a plan that will secure a recovery to a satisfactory financial position.

The CEO/Principal is responsible for ensuring that the controls and policies set by the Corporation, to ensure proper use of public funds and management of the College, are

adhered to. The CEO/Principal is also required to advise the Corporation if any controls or policies are incompatible with the law or provisions of the College's statutory authorities. The CEO/Principal may be required to justify any of the Board's financial matters to the Public Accounts Committee in this regard.

In particular, the articles of government 3. (2). (c) charge the CEO/Principal with responsibility for:

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

The CEO/Principal, in their role as Chief Accounting Officer of the College, and on the advice of the Executive of Finance, is responsible for ensuring that suitable financial systems and procedures are put in place. They are also responsible for ensuring the systems and procedures are operated to effect the controls and policies set by the Corporation, to provide auditable accounting records, and to provide reliable, relevant and timely financial information to the Corporation and to Budget Managers, to aid decision-making.

The CEO/Principal shall demonstrate their oversight of financial matters by signing the balance sheet and the statements of corporate governance within the annual financial statements, and the financial forecasts submitted to the funding body.

The Executive Leadership Team (ELT) is responsible to the CEO/Principal for the sound financial management of the areas or activities they control. They are advised by the Executive of Finance in executing their financial duties. The Executive of Finance will supervise and approve all financial systems, procedures and controls including the form in which accounts, procurement and other financial records are kept. The Executive Leadership Team are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters.

Day to day financial administration is controlled by the Head of Finance and Chief Financial Officer, who is responsible to the CEO/Principal for:

- Preparing annual capital and revenue budgets and financial plans;
- Preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;
- Preparing the College's annual reports, accounts and other financial statements which the College is required to submit to the funding body and other authorities;
- Ensuring that the College maintains satisfactory financial systems and internal controls;
- Providing professional advice and guidance on all matters relating to financial policies and procedures;
- Monitoring and reporting on financial risk management throughout the College;

- Day to day liaison with internal and external auditors in order to achieve efficient processes and controls.

The CEO/Principal and the Executive of Finance shall report annually and more regularly if necessary to the Corporation on the effectiveness of the Financial Regulations and propose such amendments as are deemed necessary.

1.3 NEW COMMITMENTS

The Executive of Finance shall be consulted on any matter which is liable to materially affect the financial position of the College, before any provisional or new commitment is incurred or before any report thereon is made to the Corporation. Any such report shall include details of the financial implications on both the remainder of the current financial year and the next full year and the comments of the Executive of Finance.

1.4 NEW LEGISLATION AND REGULATIONS

All College Budget Managers are responsible for informing the Executive of Finance of any legislation, notification, consent, approval, circular or letter received from a Government Department or other official source in relation to their activities that may affect the financial affairs of the College.

1.5 WAIVER OF FINANCIAL REGULATIONS

The CEO/Principal shall have delegated powers to waive Financial Regulations where necessary to ensure sound financial control and the effective running of the financial affairs of the College, subject to any powers reserved to the Corporation itself. All requests for financial waivers must be on the necessary form (Waiver of Financial Regulations Form) and be accompanied by confirmation by the Head of Finance that the financial implications for the College have been taken into account and such waivers shall be reported to the CEO/Principal.

The Head of Finance shall maintain a record of all waivers for inspection at Corporation meetings and by Internal and External Audit as part of the annual report.

1.6 DEPUTISING THE CEO/PRINCIPAL

The Executive of Finance shall have the authority to deputise for the CEO/Principal in their absence regarding financial matters, this will then be reflected through the delegation structure in an appropriate way so as to avoid any segregation of duty conflicts. (Deputy Delegation structure reflected on the delegation matrix.)

1.7 GOVERNANCE MODEL

The College operates a carver model, with a main Corporation Board, Audit Committee and Remuneration Committee.

2 BUDGET PROCEDURES

In accordance with best practice and generally accepted accounting principles, the College is required to account separately for revenue items (which are generally written off in the year in which they arise) and capital items (which are depreciated over their expected useful economic lives).

The Executive of Finance is responsible for preparing annually a financial plan for approval by the Board of Governors and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans and accommodation strategy approved by the Board.

The Executive of Finance is responsible for preparing each year an annual revenue budget and capital programme for consideration and approval by the Board of Governors. The budget should also include cash flow forecasts for the year and a projected year-end balance sheet. The Executive of Finance must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Budget Managers as soon as possible following their approval by the Board of Governors.

During the year, the Executive of Finance is responsible for submitting revised forecasts

2.1 ANNUAL ESTIMATE OF INCOME AND EXPENDITURE

The CEO/Principal shall submit to the Corporation an annual estimate of income and expenditure required to support the College in achievement of its objectives for the financial year commencing on the following 1st August.

The Executive of Finance shall prepare that estimate for the CEO/Principal in the light of past and future commitments, intended activity, ESFA guidance and similar information. College Budget Managers shall ensure that all relevant information is provided to the Head of Finance and Executive of Finance for review and approval, in accordance with the agreed timetable, to enable the estimate to be prepared.

The CEO/Principal may authorise the inclusion of contingency amounts and estimates of Corporation expenditures, whilst ensuring the financial objectives determined by the Corporation are achieved.

The approval of the estimate by the Corporation signifies its authorisation as a budget to incur the expenditures so identified.

Once the overall budget has been approved by the Corporation, each Budget Manager within the College will be allocated an appropriate portion of income and expenditure (and staffing numbers - permanent and temporary - implied by this portion) as their local budget. Budget Managers are responsible to the CEO/Principal, as Accounting Officer, for the financial management of the funds devolved to them. Budget Managers are therefore responsible for achieving their income targets and for constraining expenditures within their target levels. The Head of Finance and Executive of Finance are responsible for

advising them in the execution of their financial duties.

Budget Managers are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. A Budget Manager may not exceed a delegated budget without the prior written approval of the Executive of Finance. Any changes in staffing against the agreed budget require the express prior approval of the recruitment panel (Staffing Review Group (SRG)).

2.2 AUTHORISATION OF EXPENDITURE

No expenditure shall be authorised without budget approval, nor shall expenditure be authorised other than by the Executive of Finance whose authority shall be delegated to the responsible Budget Manager or their line manager in accordance with the provisions of paragraph 4.2 below.

2.3 REVENUE BUDGET CONTROL REPORTS

The Head of Finance shall provide the CEO/Principal and all Budget Managers with relevant monthly budgetary control and such other information as may be required from time to time. This will include:

- Overall monthly summary;
- Set of financial key indicators with a commentary;
- Report on performance against funding and student number targets;
- Income and Expenditure account with expenditure to date; estimated outturn for year as a whole and variance from budget;
- Summary Budget Manager reports by school/faculty/department;
- Balance Sheet;
- Cash flow

These accounts are produced within 10 working days of the close of the month and are distributed immediately to the Executive Leadership Team, Management Leadership Team, Union representatives, External agencies where required and the members of the Corporation. They are formally discussed at the Corporation on a regular basis following detailed scrutiny at the F&GP committee.

In all cases where it appears that the approved budget may be exceeded, it shall be the responsibility of the Budget Manager to inform the Head of Finance immediately, together with proposals as to how the overspend would be funded. No unfunded overspends will be allowed without the express prior approval of the Executive of Finance.

2.4 VIREMENT

Any cases for virement within revenue budgets must be agreed at Budget Manager Level and by the Head of Finance. Budget Managers may request the transfer of sums between

any main heads of expenditure within their budgets, subject to the following exceptions:

- (a) Virement shall not be permitted between staffing and other heads of expenditure.
- (b) Virement shall not be permitted from capital to revenue budget, but can be permitted from revenue to capital.

No virement shall be permitted which will create growth in expenditure in future years, without the express approval of the CEO/Principal on the advice of the Executive of Finance.

Requests for transfers between main heads of expenditure within budgets must be made in writing by Budget Managers to the Head of Finance.

At the year end, budget managers may not carry forward balances on their budget to the following year. Capital budget may be carried forward subject to the approval of the Board of Governors.

3 CAPITAL EXPENDITURE BUDGET

Value changed from £150,000 to £500,000 before Board approval is requested.

3.1 DEFINITION

The capital programme includes all expenditure on land, buildings, equipment, including IT equipment and infrastructure, software, fixtures, fittings, furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the College's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the Board of Governors.

Capital expenditure is defined as being on the purchase of items with an expected useful economic life of over one year, and with a value at purchase in excess of £1,000 including VAT.

On capitalisation these items become fixed assets of the College, subject to its depreciation policy (see below) and accounted for within the College's Fixed Asset Register held by the Finance Department under asset categories of:

- Land, buildings,
- Short-life accommodation,
- Plant,
- Motor vehicles,
- Furniture, fixtures and fittings,
- Equipment and
- Computer equipment

- Software.

Note: In determining whether a purchase is capitalised the following guidelines apply:

- Renovations of buildings (including any costs of professional fees, VAT, etc.) which significantly affect their value, usefulness or expected lifetime are in general capitalised, whereas repairs and redecorations are not;
- Purchase of a single item of furniture (e.g. a chair) for £100 is not capitalised, but a single purchase of 10 or more such items to equip a room is generally capitalised.

3.2 CAPITAL FUNDING

The Local Enterprise Partnerships (LEP) can provide financial support for specific capital projects. The Executive of Finance, in consultation with the CEO/Principal/ELT, is responsible for submitting bids for such funding, the allocation of such funding to the agreed projects and the monitoring of the capital projects and reported to the board. All capital projects should be supported by:

- Statement which demonstrates the project's consistency with the strategic plans and accommodation strategy approved by the Corporation;
- Initial budget for the project for submission to the Corporation. The budget should include a breakdown of costs including professional fees, VAT and funding sources;
- Financial evaluation of the plans together with their impact on revenue plus advice on the impact of alternative plans where applicable;
- Investment appraisal in an approved format which complies with funding body guidance on option and investment appraisal;
- Demonstration of compliance with normal tendering procedures and funding body regulations;
- Cash flow forecast.

The Financial Memorandum with ESFA allows colleges to supplement ring-fenced funds, with funding from the recurrent element of the main allocation, from borrowings, from other sources (e.g. Lottery Funds) and from their general reserves. The Corporation is responsible for approving any such capital expenditure.

ESFA require the College to consult them on relevant projects in accordance with the Financial Memorandum.

The Executive of Finance is responsible for providing regular management information to support any capital projects. These regular statements concerning all capital expenditure should be provided to the CEO/Principal, Executive Leadership Team and to the Corporation for monitoring purposes.

Following completion of a capital project, a final report should be submitted to the Corporation recording actual expenditure against budget and reconciling funding

arrangements where a variance has occurred. Overspending on capital projects is not permitted unless by agreement with the board.

3.3 AUTHORISED OFFICERS.

An Authorised Officer will be appointed for every capital project. The Authorised Officer may incur expenditure up to the approved value of the project excluding the general contingency.

3.4 VARIATIONS TO THE CAPITAL PROJECTS.

Where the cost of a variation requires the use of some or the entire general contingency for the project the limits for approval of such variations must be formally approved by the Executive Leadership Team.

The CEO/Principal must approve any variation that is likely to overspend the general contingency provided for a project. This power may be delegated if appropriate and agreed by the board. If the overspend is likely to impact on the overall budget of the College, the CEO/Principal should seek approval from the Corporation.

3.5 CAPITAL BUDGET

Fixed assets and their associated depreciation are allocated to budget-centres in the accounts. All requests for capital items must be endorsed by the Executive of Finance before they are submitted to the CEO/Principal or Corporation for approval.

All requests shall show in detail:

- (a) Realistic programme of their estimated capital expenditure for such years as may be specified.
- (b) Order of priority to be given to the various projects.
- (c) Implications of the various projects on the annual revenue estimates

Capital expenditure from Revenue Budget:

Purchases of capital equipment from revenue budgets will be made under the usual purchasing procedures, except indicating that they are capital in nature.

3.6 CAPITAL PLANNING

The Executive of Finance shall draw up an annual plan for capital expenditures and disposals, detailing for the next financial year on-going projects and any proposed new projects (along with any continuing capital expenditure from all these projects into the following two years).

The proposed projects will have been selected from submissions made by College Budget

Managers and prioritised according to the College's strategic plans and intentions.

The plan shall also outline the impact of these expenditures and depreciation and any other running costs for the next financial year. The plan shall be consistent with the Financial Forecast submitted to the ESFA.

The Executive of Finance, in consultation with the CEO/Principal, shall submit this plan to the Corporation for their approval, such approval signifying their authorisation of the plan as a budget from which to incur the expenditure so identified or to dispose of identified assets.

As circumstances dictate, the Executive of Finance may from time to time submit amendments to this plan, including supplementary items as opportunities arise, for consideration by the Corporation.

3.7 DEPRECIATION POLICY

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

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value. Such expenditure may be classed as fixtures and fittings and depreciated accordingly.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £1,000 or more. Grouped items (e.g. a suite of computers) with an individual value of less than £1,000, but a group value of £1,000 or more will be capitalised.

The purchase of software systems and associated installation costs, including professional fees, may be capitalised as intangible assets. Annual support costs, licences etc are revenue costs and may not be classed as capital.

Capitalised assets shall be depreciated in the College accounts over their expected useful economic lives as follows:

Land - not depreciated

- Freehold buildings - 40 years.
- Major adaptations to - between 20 and 50 years.
- General equipment – 15% per annum (6.67 years)
- Furniture, Fixtures and Fittings -15% per annum (6.67 years)
- Computer equipment – 25% per annum (4 years)
- Vehicles – 25% per annum (4 years)

- Software – 25% per annum (4 years)

3.8 ASSET DISPOSALS

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

The College has a responsibility under the Waste Electronic and Electrical Equipment Directive (WEEE) and other EU directives to ensure the disposal of certain equipment is responsible and traceable and therefore all disposals of furniture and equipment, including IT equipment, should be made in accordance with the College Asset Disposal Policy

Redundant items should be offered to other Departments in the first instance.

Obsolete items for which the College has no use may be disposed of. Disposals must be processed by Finance.

Redundant assets should be provisionally valued by the Department:

- The disposal of assets provisionally valued at over £50,000 must be approved by the CEO/Principal, and where practicable should be disposed of by way of a formal written tender. For each disposal valued at over £50,000 a formal legal sale form, arranged through the college Director of Governance, must be signed by the purchaser and copied to the Head of Finance.
- The disposal of assets provisionally valued at over £1,000 must be approved by the Executive of Finance, and where practicable should be disposed of by way of a formal written tender. For each disposal valued at over £1,000 a formal legal sale form, arranged through the college Director of Governance, must be signed by the purchaser and copied to the Head of Finance.
- Disposal of Equipment currently valued between £250 and £1,000 must be approved by the Head of Finance.
- Disposal of assets valued in excess of £100 but below £250 must be approved by the Curriculum Lead Development Officer/Corporate Services Manager.

Redundant equipment may be donated to charities and schools with the express agreement of the Head of Finance.

Items provisionally valued at over £100 must not be sold to employees or members of their immediate family, unless offers from outside the College have been sought.

Where the highest bid is made by a member of staff, or a connected person, that fact must be formally notified in writing to the Executive of Finance. Where the highest bid received is from the Executive of Finance, the matter shall be determined by the CEO/Principal.

Asset values may be written down (or off) from College accounts on the advice of the Executive of Finance.

A disposal will mean that an item will permanently leave the College and be deleted from the Asset Register. In the disposal process the following information will be formally recorded:

- Number of items disposed of
- Date of disposal,
- Disposal value
- Reason for disposal,
- Details of disposal

An asset valuation exercise takes place on an annual basis with property valuation completed 2 years ago. Any material change to the valuation of assets or the report will be reported to the Board.

3.9 SECURITY OF ASSETS

It will be the responsibility of each Budget Manager to ensure that proper security is maintained at all times for all buildings, furniture, equipment, stocks, stores, cash etc., under their control.

Whilst each employee has a responsibility for the security of the property of the Corporation, it is the responsibility of Budget Managers to apply routine security practice in relation to Corporation property held in their departments or functions. Corporation property shall not be removed without the express written permission of the appropriate Supervising Officer, or in their absence, the CEO/Principal. Any breach of agreed security practices shall be reported to the Chief People Change Officer.

The Executive of Assets, Project & International shall keep up-to-date plans of all College properties. The Director of Business Intelligence (Management Information Systems) shall keep an up-to-date inventory of all College IT equipment. Relevant Budget Managers shall keep up-to-date inventories of all College equipment in their control.

The Head of Finance shall keep the College fixed asset register up-to-date.

Items on the Fixed Assets Register shall be subject to periodic verification in preparation for end of year external audit by a designated officer and any discrepancies shall be reported to the Executive of Finance.

Any damage to the Corporation's premises, vehicles or equipment or loss of equipment or supplies shall be reported by staff members first to their appropriate Supervising Officer, who shall inform the Executive of Finance and an incident report should be completed as soon as is practicable. Any loss due to theft or believed to be stolen should also be reported to the College Director of Governance who will advise whether a police log should be raised and an insurance claim submitted.

3.10 DONATED ASSETS

Any proposal to donate any equipment or other form of asset to the College must be submitted to the Executive of Finance, together with a risk assessment.

The Executive of Finance or the CEO/Principal is responsible for deciding whether the donation may be accepted. The Executive of Finance (with the Head of Finance), will ensure the recording and registering of all donated assets for insurance and accounting purposes.

3.11 PERSONAL USE

Assets owned or leased by the College shall not be subject to personal use without proper authorisation, exemptions may apply to working from home on College equipment guidance and approval to be obtained from Head of IT . In exceptional circumstances this permission may also be extended to registered students where the student has signed to accept responsibility for damage to or loss of the equipment. All budget managers should establish an adequate audit trail of such movements by use of a register of loaned equipment.

4 PURCHASING AND PAYMENT

The Executive of Finance is responsible for making payments to suppliers of goods and services to the College. Payment terms reference the statutory 30 day commitment.

The Board of Governors requires all budget managers, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible costs consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice (“value for money”).

All College staff and Corporation members are to maintain professional standards in all dealings with suppliers and are expected to work together for the best overall benefit to the College.

4.1 SCHEME OF DELEGATION/FINANCIAL AUTHORITIES (Refer to Matrix for summary)

The head of department is responsible for purchases within their department. Purchasing authority may be delegated to named individuals within the department. In exercising this delegated authority, budget managers are required to observe the purchasing and procurement policies and financial procedures.

The Head of Finance shall maintain a register of authorised signatories and Head of Faculties / Senior Leaders must supply them with specimen signatures of those authorised to certify invoices for payment. Requests for authorised signatory rights must be approved in writing by the Executive of Finance.

Under procedures agreed by the Executive of Finance, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits.

The Executive of Finance must be notified immediately of any changes to the authorities to commit expenditure.

Head of Faculties and budget managers are not authorised to commit the College to expenditure without first reserving sufficient funds to meet the purchase cost.

The member of staff (or budget manager) authorising the invoice for payment must be different from the member of staff responsible for signing the purchase order form.

Expenditure on a single item / order in excess of £10,000 shall require the approval of the Head of Finance before a commitment is made. Expenditure on single items / orders in excess of £10,000 up to £50,000 shall require the approval by the Executive of Finance or the Head of Finance along with a member of the ELT. Single item / orders over £50,000 up to £100,000 can be approved by CEO/Principal. Single item/orders over £100,000 must have board approval. See matrix for detail.

In considering the cost of items and budget authority levels, due to the VAT status of the College VAT must be considered as part of the cost. Budget managers should take advice from the Finance department if unsure.

4.2 PURCHASE ORDERS

The ordering of goods and services shall be in accordance with the College's detailed financial procedures, and purchasing and procurement policies. See matrix for individual role values.

Official College orders must be placed for the purchase of all goods or services, except those made using company credit cards or petty cash or are exempted items. Purchases made by using company credit cards should be done so in accordance with the detailed GPC (Government Procurement Card) procedure.

Certain services such as Gas, Electricity, Rates, Water, Rent, as well as other types of expenditure such as food stuffs, motor vehicle parts and exam fees require only budgetary authority and certification. A complete list of items exempted from the purchasing ordering system is available from the Head of Finance. Exempted purchases must follow the related operational procedures available from the Head of Finance. In granting budgetary authority, regard shall be given to whether the item to be purchased is proper to that budget.

It is the responsibility of the Executive of Finance (through the Head of Finance) to ensure that all purchase orders refer to the College's conditions of contract.

The College reserves the right to refuse to accept liability for any commitment entered into by any member of College staff or Corporation, other than according to these regulations: the supplier may then enforce liability on the individual who made the

commitment.

4.3 TENDERS AND QUOTATIONS

Head of Faculties and delegated budget managers must comply with the College's tendering procedures outlined in the Procurement policy and procedures. Furthermore, initial central approval is required for any purchase order in excess of £1,000. Whilst budget holders have varying level of value the procurement thresholds must be followed, the varying levels only determine the level at which more senior budget holder approval must be sought. Tendering procedures apply as follows:

- under £1,000 – the budget manager shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained
- from £1,000 (£2,000 for minor works) to £25,000 – the budget manager shall be required to obtain at least three quotations. In exceptional circumstances, written quotes may be dispensed with, but only with the express permission of the Executive of Finance recorded using Appendix A of these regulations.
- from £25,000 to £50,000 – the budget manager shall be required to obtain at least three competitive tenders. The opportunity must also be published on Contracts Finder.
- over £50,000 - the budget manager shall be required to obtain at least five competitive tenders and approval by the Corporation. The opportunity must also be published on Contracts Finder
- over £213,477 (Jan 2022) (Goods and Services) / £5,336,937 (Jan 2022) (Works) or current limits in force at time, a full OJEU Tender to be completed.

The College Procurement Officer must be consulted on all formal tenders for goods in excess of £25,000, and in the interests of best value, quality and consistency should be consulted on quotations for goods below this level.

Consideration should always be given to the use of EU tendered frameworks for goods in excess of £25,000 in the first instance.

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

4.4 POST-TENDER NEGOTIATIONS

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

- it would not put other tenderers at a disadvantage

- it would not affect their confidence and trust in the College's tendering process.

Advice should always be sought from the College procurement officer/ Head of Finance before entering into any post tender negotiations. The procurement process allows for competitive dialogue.

In each case, a statement of justification should be approved by the Executive of Finance 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 Corporation.

Over-threshold OJEU (Official Journal of the European Union) tenders must follow the relevant EU guidance in place at the time of the tender.

4.5 CONTRACTS

All contracts involving the College shall be signed by the CEO/Principal or their nominee after scrutiny by the Director of Governance.

Contracts relating to acquisition or disposal of sites and land and buildings are the responsibility of the Corporation and are administered by the Executive of Finance taking advice from appropriate external advisors and the Director of Governance.

Consultants may be appointed if the project, as determined by Corporation, 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 Executive of Finance as appropriate for Finance Committee consideration with recommendation to the Board. Investment appraisals should comply with appropriate ESFA guidance.

Every contract shall be in writing and should specify:

- (a) the work, materials, supplies or services to be provided.
- (b) the quality standards to be adhered to.
- (c) the price to be paid, with a statement of discounts or other deductions
- (d)) the time or times within which the contract is to be informed
- (e) the procedure for variations, termination, or penalties for non-compliance, or security for the due performance of any contract including liquidated damages where works are not completed in the time specified.

4.6 REGULATIONS

The Executive of Finance is responsible for ensuring the College complies with its legal obligations concerning procurement legislation. Current limits in regard of requirement for European advert and tender process can be found on the European Journal website; 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.

It is the responsibility of Senior Leaders / Head of Faculties to ensure that their members of staff comply with EC regulations by notifying the Procurement officer 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 the Official Journal of the European Community (OJEC).

4.7 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 electronic receipting system, or in the case of Faculties, forwarded to the Procurement Officer 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 College must be independent of those who negotiated prices and terms and placed the official order.

4.8 PAYMENT OF INVOICES

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

The Executive of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer at least weekly.

In exceptional circumstances the Head of Finance will prepare cheques manually for urgent payments.

Head of Faculties are responsible for ensuring that expenditure within their departments does not exceed funds available.

Suppliers should be instructed by the budget manager to submit invoices for goods or

services to the finance department.

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

Payments will only be made by the Head of Finance against invoices that have been certified for payment by the appropriate head of department or budget manager and / or matched against a receipted order.

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

- the goods have been received, examined and approved with regard to quality and quantity, or those 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 departmental inventory
- an appropriate cost centre is quoted; this must be one of the cost centre codes included in the budget manager's areas of responsibility and must correspond with the types of goods or service described on the invoice.

The timing of payment of supplies shall be at the discretion of the Executive of Finance, who shall have regard to the liquidity of the institution. Normal procedure will be to pay between one month and two months after the receipt of the invoice. Arrangements shall not be made with suppliers which commit the College to earlier settlement terms without the prior agreement of the Executive of Finance. All suppliers must be approved and set up through the Finance Department.

Payments to collaborative partners will be made subject to checks on delivery by the franchise partner. Appropriate quality checks must be made on the provision being delivered by partners.

4.9 COLLEGE CREDIT CARDS

Government Procurement Cards (GPC) are supplied by Barclaycard. Authority to hold a College Barclaycard is subject to approval by the Executive of Finance.

Company Barclaycards held by individuals may only be used for approved expenditure. This is generally in support of student trips and activities. The use of Barclaycard for training and development activities may only be made by the Head of Human Resources.

Company Barclaycards may be used in exceptional circumstances for certain types of expenditure which is detailed in the Financial Procedures. Barclaycards must not be used

for normal purchases of goods, although online ordering of goods and supplies using the GPC will be permitted in certain circumstances as outlined in the detailed GPC procedures. All such orders must be made by the Procurement office, and is not permitted to be made by general card managers.

All purchases made by credit card must follow the detailed GPC procedure.

Any changes to the overall GPC credit limit must be approved by the Corporation.

Managers of such cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Cards must not be loaned to another person, nor should they be used for personal or private purchases. Limits ranging from £3000 to £15000 depending on department/role and single item limits are also in place. There are a total of 14 cards registered across 7 areas of the College (Executive Leadership Team, Procurement, HR, International & Strategic Partnerships, Marketing & Business Engagement, Exams, Business Hospitality, Care & Lifestyle)

Card managers should obtain approval to purchase from the relevant Budget Manager in advance of making the purchase via a GPC – Purchase Order following the College procurement rules and should ensure that there is sufficient budget available to meet the costs.

The Head of Finance shall determine what information is required on purchases made with purchasing cards from card managers and deadlines for receipt in the finance section to enable financial control to be maintained and card managers must provide that information.

Budget managers utilising the College GPC are directly responsible to the Executive of Finance for the propriety and controls of all expenditure incurred, utilisation of cards will be withdrawn should there be any instance of misuse.

4.10 PETTY CASH

A single item with a value of below £150 may be made from Petty cash on the grounds of efficiency or urgency. Approval to use petty cash should be sought in advance from the budget manager and in consultation with the Head of Finance or their representative. Reimbursement of spend will only be made on presentation of a voucher and relevant receipts and with an authorised signature from the budget manager.

Petty cash advances may be made, subject to approval by the Head of Department and providing adequate notice has been given to the Cash Office. Such advances must be signed for by the relevant member of staff, who will become personally liable for the security of cash in their presence. The purpose and timing of spend will be required in advance. All unused cash together with receipts to support actual expenditure incurred should be returned to the Cash Office within a timely manner and in no circumstances later than 2 working days after the event. The Executive of Finance 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. There are 12 departments with Petty cash floats ranging from £10 to £100, College total £625 and two main cash floats £3,000 and £2,500.

Requisitions for reimbursements must be sent to the Head of Finance, together with appropriate receipts or vouchers, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed. The member of staff granted a float is personally responsible for its safe-keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the College's insurers when not in use and will be subject to periodic checks by the head of department or another person nominated by them.

Standard College petty cash books are supplied by the Head of Finance and must be used for recording all imprest accounts.

4.11 PROJECT ADVANCES

The Executive of Finance and the relevant head of department may jointly approve cash advances for projects carried out away from the College where cash expenditure may be unavoidable (this is to follow the Petty Cash process and procedure). Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or a College credit card.

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

4.12 FOREIGN TRAVEL (CAXTON) CARDS

All foreign travel to be authorised in advance by the Board for Senior Post Holders and CEO/Principal. All advances for foreign travel should be made using the College travel (Caxton) card. Request to use the card, the currency and the amount required should be notified to the Cash Office at least 7 working days prior to any travel. All requests must be signed by the relevant budget manager. The Head of Finance will arrange for the card to be credited with the necessary funds in the relevant currency denomination. The cards must be signed for and become the responsibility of the member of staff leading on the foreign travel. The card and all supporting receipts and vouchers for the spend must be returned to the Cash Office within 2 working days of the end of the trip. The card must only be used for authorised spend. The Caxton card may be used for an emergency cash advance in foreign countries in exceptional circumstances. The Caxton card may not be used to pay for goods and services in Sterling.

4.13 GIVING HOSPITALITY

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

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

5 INCOME AND BANKING

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

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by Corporation. The Executive of Finance will be consulted about policy for pricing goods and services offered for sale, the prices charged will be agreed by the CEO/Principal, in consultation with the Executive of Finance.

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

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

The Executive of Finance is responsible for making arrangements to ensure that all claims for funds, including grants and contracts, are made by the due date.

Only members of staff authorised by the Executive of Finance shall collect or accept monies due to the College and official receipts shall be issued for all such amounts at the time of collection. No member of staff shall give a receipt for money received on behalf of the college on any form other than an official till receipt or by an official receipt form. Such receipts shall be obtained, stored, recorded and distributed in a manner approved by the Executive of Finance.

Payments to the college for goods or services including trips, college events and short courses may be made via the College on-line store. The Head of Finance is responsible for adding items to the store but it is the relevant departmental officer's responsibility to ensure the information remains accurate. An appropriate electronic receipt will be sent for all transactions made via the store. The duty of providing information, calculating, checking and recording the sums due to the college shall be separated as completely as possible from the duty of collecting these sums, and members of staff charged with the duty of examining and checking the accounts of cash transactions shall not, themselves, be engaged in any of these transactions.

5.1 APPOINTMENT OF BANKERS

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

5.2 BANKING AND INVESTMENT ARRANGEMENTS

The Executive of Finance is responsible for, on behalf of Corporation, liaising with the College's bankers in relation to the College's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Executive of Finance who shall make proper arrangements for their safe custody.

Only the Executive of Finance and Head of Finance may open or close a bank account for dealing with the College's funds. All bank accounts shall be in the name of the College or one of its subsidiary companies.

All cheques drawn on behalf of the College must be signed in the form approved by Corporation. The agreed signatories on the College's main bank account are:

- (a) CEO/Principal
- (b) Executive of Finance
- (c) Head of Finance

Any variation to this list must be approved by the Corporation. One signature is necessary for cheques up to £2,000 in value. Above £2,000, two signatories are required.

Weekly payment runs must be prepared by Finance Supervisor and reviewed and approved by either Head of Finance, Executive of Finance or CEO/Principal up to the value of £1 million limit. Corporation to approve and amend limits. Ad hoc Bacs payments exceeding £2,000 must be counter signed by the Executive of Finance or other authorised bank signatory in accordance with the bank mandate provisions. Transfers between bank accounts may only be made by the Executive of Finance or the Head of Finance.

All petty cash imprests must be authorised by the Executive of Finance or the Head of Finance and maintained within agreed limits. A list of approved imprests is held by the Head of Finance.

The Executive of Finance is responsible for ensuring that all bank accounts are subject to monthly reconciliation and that large or unusual items are investigated as appropriate.

The Executive of Finance shall be responsible for the investment of any surplus working balances and any other earmarked funds of the College. This will be in accordance with the Treasury Management policy, to be reviewed each year by the Corporation.

The Executive of Finance shall be empowered to seek such advice as they deem necessary for the efficient handling of the College's funds.

The ability to borrow funds will require the approval of the Corporation.

5.3 CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS

A college electronic till will be provided to the commercial training areas and these must be used for taking monies. Other departments who take monies on a regular basis should encourage use of the college online store in the first instance.

Members of staff whose duty it is to collect or hold cash shall be provided with a safe, or where this is not appropriate, a lockable cash box which should be held securely. The employee concerned shall hold only one key and all other duplicates shall be lodged with the Head of Finance, who will maintain a register of all authorised key managers.

Monies paid direct to departments from whatever source, other than the online store, 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 by the Executive of Finance and set out in financial procedures. The custody and transit of all monies received must comply with the requirements of the College's insurers.

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

Cheques will be made payable to "City College Plymouth" and bank credits paid into the College's current account.

The Executive of Finance shall prescribe the system for transporting cash.

The College encourages payment by the following methods:

- (a) Electronic transfer/BACS
- (b) Direct Debit
- (c) Cash/Cheque
- (d) Credit Card
- (e) Direct payment via the online store

Where a bank card machine is issued to departments to enable card transactions, it is the responsibility of the relevant department to ensure the card machine is securely held in accordance with PCI DSS (Payment Card Industry Data Security Standard) industry regulations. Guidance on the regulations will be made available by the Head of Finance.

5.5 THE COLLECTION OF DEBTS

The Executive of Finance should ensure that:

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

Only the Executive of Finance (or following consultation, the Head of Finance) can implement credit arrangements and indicate the periods in which different types of invoice must be paid. All invoices are requested to be settled within 30 days from the date of the invoice, with the exception of contracts which are in line with the terms agreed by the Executive of Finance and stage payments for course fees which are administered by the Head of Finance. Any subsequent changes must be submitted to Corporation for approval.

A request to issue a credit note up to £150 can be approved by the Curriculum Lead Development Officer/Corporate Services Manager and Area Technicians/Assistants.

A request to issue a credit note for over £150 to £5,000 must be approved by the Head of Finance. Requests for credit notes in excess of £2,000 will require 2 authorised signatures.

Requests to write off debts in excess of £10,000 must be referred in writing to the Executive of Finance for submission to the Corporation for consideration. Debts below this level may be written off with the permission of the Executive of Finance (following consultation with the Head of Finance).

Unpaid debts will be subject to the College's Debt Collection Procedures. This may ultimately include referral to an external debt collection agency. Interest (at the approved rate, currently 4%) and costs may be added to the amount due for all debts referred to an external agency.

5.6 STUDENT FEES

The procedures for collecting tuition and residence fees must be approved by the Executive of Finance. A tuition fees policy will be approved annually and published on the college website. Any student who has not paid an account for fees or any other item

owing to the College shall not be awarded a degree or any diploma, certificate and qualification from the College until all outstanding debts have been cleared. The name of such students shall not be included on any pass lists until all outstanding accounts have been settled in full. Such students or their employers if fee-sponsored shall be prevented from re-enrolling at the College, and from using any of the College's facilities.

6 GRANTS AND CONTRACTS

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

The Executive of Finance is responsible for examining every formal application for grant in excess of £10,000 and shall ensure that there is adequate provision of resources to meet all commitments. The Executive of Finance should ensure that the full cost of the project is established.

Grants and contracts shall be accepted on behalf of the institution by the CEO/Principal or Executive of Finance. The Head of Finance shall maintain all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.

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

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

6.1 GRANT AND CONTRACT CONDITIONS

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

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

6.2 EUROPEAN UNION (EU) AND OTHER MATCHED FUNDING

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

Individual applications for funds in excess of £500,000 shall be the subject of a report by the Executive of Finance to the CEO/Principal who will recommend to the governing body for approval, which will set out, amongst other things, the potential risks generated by the project.

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

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

Appropriate systems should be maintained to ensure that expenditure has been incurred in a proper manner and the financial management has been sound. It is the responsibility of the named project manager to ensure adherence to College regulations and procedures and to maintain full audit trails.

Final claims for project expenditure should be approved by an authorised signatory member of the Partnerships Team before final authorisation by the CEO/Principal, or Executive of Finance.

7 OTHER INCOME-GENERATING ACTIVITY

7.1 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 CEO/Principal and in the case of Senior Staff the Board
- voluntary work is encouraged (i.e. Governors and community support) please discuss with your line manager
- applications for permission to undertake work as a purely private activity must be submitted to the CEO/Principal, as appropriate, and include the following information:
 - the name of the member(s) of staff concerned
 - the title of the project and a brief description of the work involved

- the proposed start date and duration of the work
- full details of any College resources required (for the calculation of the full economic cost)
- an undertaking that the work will not interfere with the teaching and normal Collegial duties of the member(s) of staff concerned.

7.2 COLLABORATIVE PROVISION (INCLUDING FRANCHISING)

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

- (a) The Corporation (on recommendation from the Finance Committee) will annually approve the subcontracting arrangements for the College.
- (b) The impact of the contract(s) shall be subject to scrutiny by the governing body. The format for regular reports shall be as stated in ESFA guidance.
- (c) They shall consider the risk factors associated with the proposed partnership and agree on an appropriate entry in the College's financial forecast.
- (d) Funding rules and conditions must be incorporated
- (e) Where the partnership would represent a significant departure from the College's strategic plan, the governing body shall approve the departure, and the CEO/Principal shall seek the views of and inform the ESFA.

7.3 PROFITABILITY AND RECOVERY OF OVERHEADS

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

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

Any unplanned deficits incurred on other income-generating activities will be charged to departmental funds.

Distribution of profits on other income-generating activity between central funds of the College and individual departments will be in accordance with the policy approved by the Corporation.

Any proposal that 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 Human Resources, and in the case of a head of department, the CEO/Principal.

8 PAY EXPENDITURE

The overall framework for pay is the responsibility of the Board

The CEO/Principal shall be authorised to make arrangements to pay all salaries, wages, superannuation benefits, compensation and other emoluments properly payable by the College.

Appointments of all employees shall be made in accordance with policies, establishments, grades and rates of pay, as adopted and approved annually by the College Board.

The remuneration of the Director of Governance, CEO/Principal and any other senior post holders will be determined by a Remuneration Committee.

All other remuneration will be set in line with policies agreed through the Corporation.

All College staff will be appointed to a salary within the framework approved by the governing body and in accordance with appropriate conditions of service. All letters of appointment must be issued by the HR office. The Chief people Change Officer will be responsible for keeping the Executive of Finance and the Payroll Agent, informed of all matters relating to personnel for budgetary purposes. In particular these include:

- (i) appointments, resignations, dismissals, suspensions, secondments and transfers.
- (ii) absences from duty for sickness or other reason, apart from approved annual leave with pay.
- (iii) changes in remuneration other than normal increments and pay awards and agreements of general application.
- (iv) information necessary to maintain records of service for superannuation, income tax, national insurance, etc.

Payments to employees, for whatever reason, will normally be regarded as payments to be made through payroll. Requests for payments to be made via submission of an invoice rather than through payroll will be made only in exceptional circumstances and only following approval by the Head of Finance who will undertake the relevant tests necessary to ensure the employee meets all the self-employed requirements as set by HMRC.

All Part-time Lecturers will enter into a contract with the College before they receive payment. Part-time lecturing commitments must be recorded in keeping with normal College policies, as other commitments. Part Time Lecturers will be paid monthly in arrear following submission of a pay claim in accordance with payroll claims procedures.

Deductions from employees' pay must be properly authorised, either by the employee or by receipt of a court order.

All budget managers have a responsibility to ensure each absence through sickness is notified to the HR Department as laid down in the College Absence Reporting Policy.

The Head of Finance is responsible for checking payroll reports and arranging for any amendments within the timescale laid down by the Payroll agents.

Payment will be made on 25 of the month (or earlier if this falls on a weekend). All payments will be made by BACS transfer. The Head of Finance (or in their absence a second bank authorised signatory) will be required to sign the monthly BACS authorisation, having regard to payroll system reports and totals.

8.1 SUPERANNUATION SCHEMES

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

The CFO will provide the Board an annual report.

The Executive of Finance is responsible for day-to-day superannuation matters, including:

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

9 TRAVEL, SUBSISTENCE AND OTHER ALLOWANCES

Reimbursement of travel and subsistence and other expenses will be made in accordance with the travel and subsistence policy.

Authorised travel and subsistence payments at agreed rates are made through the purchase ledger.

Other payments to employees should only be made in exceptional circumstances also through the purchase ledger and authorised by the Head of Finance.

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Executive of Finance.

Claims by members of staff must be authorised by their head of department (or Executive Leadership Team member in the case of Head of Faculties). The certification by the head of department shall be taken to mean that:

- the journeys were authorised
- the expenses were properly and necessarily incurred

- the allowances are properly payable by the College
- consideration has been given to value for money in choosing the mode of transport

Arrangements for travel by the CEO/Principal 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 F&GP Committee (Finance & General Purpose Committee).

9.1 OVERSEAS TRAVEL

In further education Colleges, all arrangements for overseas travel must be approved by the Executive of Finance in advance of committing the College to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the CEO/Principal 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 governing body.

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

Payment for authorised hospitality will be made in accordance with agreed rates. Claims for hospitality must be accompanied by a list of those being entertained, a statement of the purpose of the entertainment, and a copy of the approval form.

Cash Advances for travel and subsistence may be made in appropriate cases, in accordance with the current College Procedures. Under normal circumstances, staff will be expected to use a College Caxton card or a Company Barclaycard rather than cash

9.2 ALLOWANCES FOR MEMBERS OF THE GOVERNING BODY

Claims for members of the governing body will be authorised by the Executive of Finance. Claims for meeting attendance and other expenses will be based on the staff travel and subsistence policy.

10 TAX

The College is an exempt charity as defined under the Charities Act 1993 and can claim exemption from corporation tax on its income and gains. The same is not necessarily true for any subsidiary company.

The College is registered for VAT and as an educational institution operates to special rules agreed with HM Customs and Excise.

The Executive of Finance, on behalf of the CEO/Principal and Corporation is responsible,

for ensuring that the College properly meets its obligations to taxation authorities but does so without undue disadvantage to the College.

The Executive of Finance is responsible for advising Budget Managers, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the institution. Therefore, the Executive of Finance will liaise with the Head of Finance to instruct departments on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

11 INSURANCES

11.1 INSURANCE RESPONSIBILITY

The Executive of Finance, Head of Finance and Director of Governance are responsible for the College's insurance arrangements, including provision of advice on the types of cover available. The Head of Finance and Director of Governance shall effect all necessary insurance cover and, in appropriate consultation with the Executive of Finance and relevant College Budget Managers, negotiate all claims made by the College upon its insurers. Annual report to the Board

11.2 NOTIFICATION OF RISKS

Each appropriate person shall give immediate notification to the Director of Governance (who will report these to the Executive of Finance) of all new risks, property or vehicles, which require to be insured or of any alterations affecting existing insurance. As part of the overall risk management strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified.

11.3 NOTIFICATION OF CLAIMS

Each appropriate person shall immediately notify the Director of Governance and Head of Finance in writing of any loss, liability or damage to College property or any event, including a claim against the College, which is likely to lead to a claim by the College in respect of any insurance.

11.4 REVIEW OF INSURANCES

The Executive of Finance shall review annually as part of budget preparation or at any such period as may be deemed necessary, all insurances, in consultation with the appropriate persons.

11.5 PROVISION OF INDEMNITY

Each appropriate person shall consult the Executive of Finance upon the terms of any indemnity which the College is requested to give.

12 ASSETS, STOCKS, STORES AND SECURITY

The Executive of Finance has responsibility for agreement of the College's IT strategy.

The Estates Manager is responsible for the security of the College premises.

The CEO/Principal is responsible for the custody and control of all stocks and stores held on College premises, although he/she may designate individuals to discharge that responsibility on their behalf.

The Head of MIS and IT is responsible for the security of the College networked computer systems. The Head of MIS and IT, via I.T staff, is responsible for ensuring appropriate back up procedures and contingency disaster recovery arrangements and security of the College's computerised accounting systems and taking appropriate back-up copies of the computer files.

12.1 PREMISES AND FIXED ASSETS

Keys to safes or other similar containers are to be carried on the person of those responsible at all times. The loss of such keys must be reported to the Executive of Finance immediately. All budget managers are responsible for maintaining the security of assets under their control and recorded on their inventories.

12.2 CASH, CHEQUES AND STATIONERY

Cheques, purchase orders, receipts and other numbered stationery are to be treated as items of value and stored accordingly.

Petty Cash and cash receipts must be kept securely. List of managers

Personal cheques may not be cashed through College accounts.

12.3 COMPUTERS & IT

Computers and IT are subject to the College's IT Policy and Guidelines.

All IT hardware and software is purchased through the procurement of IT central purchasing arrangements. No other cost centres are authorised to purchase computer equipment or software. Normal approval procedures apply for computer/IT expenditure.

Hardware and Software purchases are determined in line with corporate policy and objectives. New hardware is normally purchased, or leased where more cost effective. No second hand software is purchased.

The IT Department is responsible for the backup of networked software and data. Individual users are responsible for the backup of data on local hard drives, although the use of local drives for data storage is discouraged. The IT Department ensures that networked computer equipment is protected as far as possible from virus attack.

12.4 LAND, BUILDINGS, FIXED PLANT AND MACHINERY

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

Authority for the hire of equipment by employees must be given by the relevant budget manager. Equipment should be hired at market prices and within authorised expenditure limits.

12.5 STOCKS AND STORES

Head of Faculties 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 Executive of Finance.

Head of Faculties 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 Head of Faculties whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Executive of Finance and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the College's detailed financial procedures.

12.6 SAFEGUARDING ASSETS

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

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

13 ACCOUNTING ARRANGEMENTS

13.1 FINANCIAL YEAR

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

13.2 BASIS OF ACCOUNTING

The consolidated financial statements are prepared on the historical cost basis of accounting and in line with FRS102 (Financial Reporting Standard), the FE/HE SORP (Statement of Recommended Practice) and the ESFA accounts direction.

13.3 ACCOUNTING INSTRUCTIONS

The Head of Finance shall regulate the day to day financial management of the College by the issue of detailed instructions to College Budget Managers to supplement these regulations and by the maintenance of an accounting manual to document the procedures followed within the Finance Department.

13.4 ACCOUNTING RECORDS AND PROCEDURES

All accounting records and procedures for use within the College shall be compiled by or under the direction of the Head of Finance. They shall be retained in accordance with statutory requirements for audit purposes.

13.5 PERIODIC AND FINAL ACCOUNTS

The Executive of Finance is responsible on behalf of the Corporation for the preparation and submission to ESFA of audited annual accounts, in accordance with the requirements of ESFA. Budget Managers and other personnel shall furnish information, to a timetable determined by the Head of Finance each period, to assist the closing of the College's accounts.

The accounts shall be signed by the CEO/Principal, as accounting officer, and by the Chair or one other member of the Corporation as appointed for this purpose by the Corporation. The Corporation shall make reasonable arrangements to make copies of the accounts publicly available.

In preparing such statements, proper regard shall be made to any standard accounting practices or statements of recommended practice relevant to the Corporation. The ESFA may make such requirements as it thinks fit from time to time as to the information to be contained in the accounts, the manner in which they are to be presented and the methods and principles according to which they are to be prepared.

The Corporation is required by law to retain prime documents for seven years or twelve years with reference to documents executed as deeds and up to thirty years for some personnel and pension documentation. For European Union funded projects the prime documents should be retained as per the guidelines for that particular project. Other prime documents should be kept indefinitely. Prime documents include:

- Official purchase orders
- Paid invoices

- Accounts raised
- Bank statements
- Copies of receipts
- Paid cheques
- Payroll records, including part-time lecturers' contracts
- Employers Liability Insurance Certificates must be kept for 40 years

The Head of Finance and Executive of Finance will make appropriate arrangements for the retention of electronic records.

Members of staff must ensure that retention arrangements comply with any specific requirements of funding bodies.

In cases of doubt concerning retention of prime documents advice should be sought from the Head of Finance and Executive of Finance or Clerk to the Corporation.

13.6 ACCOUNTING DUTIES

The following principles shall be observed in the allocation of accounting duties:

- (a) The duties of providing information regarding sums due to or from the College and of calculating, checking and recording those sums shall be separated so far as possible from the duty of collecting and disbursing them;
- (b) Staff charged with the duty of examining and checking the accounts of cash shall not themselves be engaged in those transactions.

14 AUDIT

The Corporation shall appoint external auditors and review / monitor performance through the audit committee.

14.1 APPOINTMENT OF AUDITORS

The appointment of internal and external auditors for the College shall have regard to the requirements of the ESFA. Tendering for audit shall take place at least every five years.

14.2 AUDIT COMMITTEE

The Audit Committee shall advise the Corporation on the effectiveness of the College's internal control system (i.e. the whole system of control, financial, management and otherwise, established by the Executive of Finance and the Head of Finance in order to:

- carry on the business of the College in an orderly and efficient manner

- ensure adherence to management policies and directives
- safeguard assets
- secure as far as possible the completeness and accuracy of records; and to prevent waste

The Audit Committee shall advise the Corporation on the appointment and remuneration of external auditors and the scope of their work. They shall receive the management letter and report submitted by the external auditors on the College's final accounts each year.

The Audit Committee shall consider and advise the Corporation on the annual and longer-term plans for Internal Audit. The Audit Committee shall receive, consider and advise the Corporation on internal audit reports including the annual report of internal auditors and shall monitor the implementation of approved recommendations.

14.3 INTERNAL AUDIT

Internal Audit under the direction of the Executive of Finance shall ensure an effective internal audit of the College's financial, accounting and other processes, systems, transactions or functions which impinge on the efficiency, effectiveness or economy of the College's operations or activities.

Internal Audit is responsible for giving assurance to the CEO/Principal and the Corporation on the effectiveness of all financial and other controls, and for assisting managers by evaluating and reporting to them on the effectiveness of the controls for which they are responsible.

The Executive of Finance shall inform the auditors, as soon as possible, of all cases of suspected or discovered fraud or irregularity, whether external or internal. Executive of Finance shall also inform the CEO/Principal and the Audit Committee of their actions.

At the College's request, Internal Audit shall make arrangements to carry out all necessary investigations and consultations and shall, if of the opinion that there is any material irregularity or illegality in connection with the College's affairs, report the matter to the Executive of Finance who will forthwith inform the CEO/Principal and the Audit Committee.

Internal Audit shall have the right to make an independent report direct to the CEO/Principal or Audit Committee. Internal Audit shall issue an annual report to the Corporation through the Audit Committee on the activities of the internal audit function.

14.4 EXTERNAL AUDIT

The College's external auditors shall advise the Corporation on the trueness and fairness of the annual financial statements of the College's financial transactions in the period under review and its financial position at the date of the balance sheet. They shall also

advise the Corporation and ESFA on the completeness, accuracy and appropriateness of the College's ILR (Individual Learner Record) returns to ESFA. They may also be asked to audit other controls, systems and returns to official bodies.

In addition, an external audit will carry out a "regularity audit", which will review matters covered by these regulations and any other terms and conditions required by the funding body, the Public Accounts Committee or government department. The outcome of this audit will be reported in a separate management letter.

14.5 AUTHORITY OF AUDITORS

External auditors and internal auditors shall have authority to:

- (a) Enter at all reasonable times any College premises or land;
 - (b) Have access to all assets, records, documents and correspondence relating to any financial and other transactions of the College;
 - (c) Require and receive such explanations as are necessary concerning any matter under examination;
 - (d) Require any employee of the College to account for cash, stores or any other College property under their control.
- (a) Access records belonging to third parties, such as contractors, when required.

14.6 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 in accordance with the financial memorandum with the funding body and the Audit Code of Practice.

It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the funding body, the National Audit Office, the Public Accounts Committee or other relevant bodies. Internal Audit is to have regard to value for money in its programme of work. This will be used to enable the Audit Committee to refer to value for money in its annual report.

15 ACCOUNTABILITY AND BUSINESS ETHICS

The College is a recipient of public funds and as such is accountable for the use of those funds. The CEO/Principal may be required to attend the House of Commons Public Accounts Committee to explain the receipt and use of public funds.

The Corporation requires the College to operate to business ethics of the highest standards, especially with regard to the disbursement of public funds.

Fair Competition

Whilst keeping advantage of the College as a prerequisite, all Corporation members and College staff are required to eschew any business arrangements which might hinder openness and fair competition. In particular all information given out in the course of business should be true and fair, and should never be designed to mislead.

Confidentiality

All Corporation members and College staff are required to maintain as confidential any information obtained in confidence, whether commercial or otherwise. In particular, no such information should be used for personal gain.

15.1 RESPONSIBILITY OF EMPLOYEES

All employees must conduct College business in accordance with the highest standards of public life and business ethics.

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

They shall make available any relevant records or information to the Head of Finance and Executive of Finance or their authorised representative in connection with the implementation of the Corporation's financial policies, these financial regulations and the systems of financial control.

Whenever any employee becomes aware of any matter that involves, or is likely or suspected to involve, any irregularity or illegality, the employee concerned shall immediately inform the appropriate member of the College Executive Team. This person shall forthwith draw the matter to the attention of the CEO/Principal, so that such audit action may be instigated as may be deemed necessary. The CEO/Principal will report any such information together with the action plan to the next Audit Committee.

15.2 CODE OF CONDUCT

The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe. In addition, the College expects that staff at all levels will observe its code of conduct, contained in its detailed financial procedures, which covers:

Selflessness – Managers of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

Integrity – Managers of public office must avoid placing themselves under any obligation to people or organisations that might try.

Objectivity – Managers of public office must act and make decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias. In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, managers of public office should make choices on merit.

Accountability – Managers of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Honesty – Managers of public office should be truthful and have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership – Managers of public office should exhibit these principles in their own behavior. They should actively promote and robustly support the principles and be willing to challenge poor behavior wherever it occurs. Managers of public office should promote and support these principles by leadership and example.

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

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

15.3 DECLARATIONS AND REGISTERS OF INTEREST

In order to minimise any potential perceptions of conflict of interest, Corporation members and College staff are required to register with the Clerk any interests in bodies with whom the College may do business. Should any business decision arise which may affect the interest of a Corporation member or College staff member, they are to declare it and to offer to withdraw from the decision-making process: the Clerk is to keep a record of such declarations and decisions.

15.4 BUSINESS GIFTS AND HOSPITALITY

In order to minimise any potential perceptions of impropriety, bias or prejudice, Corporation members and College staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) that is other than of insignificant value (less than £25) 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 what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant Budget Manager or the Executive of Finance. All such receipts other than the most trivial are to be recorded by the PA to the CEO/Principal.

It is an offense under the Prevention of Corruption Act 1906 for members of the Corporation or staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity.

The guiding principles to be followed by all members of the Corporation and 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.

The College will authorise only reasonable, appropriate and proportionate entertainment and promotional expenditure which is pre-authorised by the relevant budget manager. This principle applies to employees and associated persons, whether based in the UK or overseas.

15.5 GIVING HOSPITALITY

Staff entertaining guests from outside bodies at lunch time should normally use the College's catering facilities. Where this is not the case, permission must be obtained in advance from the CEO/Principal and reasons must be stated when submitting a claim for reimbursement. Levels of hospitality should be modest, and appropriate for the occasion.

The College will not meet the costs of meals or entertainment attended only by College staff, whether it's under the guise of team meeting, working lunch, team building or other, unless the event has been run with Staff Development approval and given in writing and prior to the event.

15.6 WHISTLEBLOWING

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

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

A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose, for example the Clerk to the Corporation. If the member of staff does not wish to raise the matter with this person, or with the CEO/Principal or the Chair of the Corporation, it may be raised with the chair of the Audit Committee.

15.7 BRIBES

The College prohibits staff and Corporation members from offering, giving, soliciting or accepting any bribe. The bribe might include cash, a gift or other inducement, to or from any person or organisation, wherever they are situated and irrespective of whether or not they are a public official/body or private person or company, by any individual governor, employee, agent or other person or body acting on the College's behalf. The bribe might be made in order to:

- Gain any commercial, contractual or regulatory advantage for the College in a way which is unethical;
- Gain any personal advantage, pecuniary, or otherwise, for the individual or anyone connected with the individual.

This regulation is not intended to prohibit appropriate corporate entertainment and/or hospitality undertaken in connection with the College's business activities, provided the activity is customary under the circumstances, is proportionate, and is properly recorded / disclosed to the College in accordance with its procedures. All such activities must be reported to the PA to the CEO/Principal, and the Clerk to the Corporation in the case of Corporation members.

Staff and Corporation members are requested to remain vigilant in preventing, detecting and reporting bribery. Staff and Corporation members are expected to report any concerns regarding any suspected bribery in accordance with the College's procedures.

16 DATA PROTECTION AND CYBER SECURITY

The responsibility for maintaining proper security and privacy of information and for ensuring that all other requirements of GDPR (General Data Protection Regulation), the Computer Misuse Act 1989 and other relevant statutes, will rest with the CEO/Principal or their nominee. The CEO/Principal or nominee will have access to all computer systems and records, and may require such actions and receive such explanations as are necessary for the purposes of the Acts.

All staff are responsible for ensuring that any personal information (as defined in the GDPR Guidelines) they hold is kept securely and is not disclosed either orally or in writing or accidentally or otherwise to any unauthorised third party.

Unauthorised disclosure will usually be a disciplinary matter and may be considered gross misconduct in some cases.

Personal information should be kept in a locked filing cabinet or drawer and, if it is computerised, be password protected or kept only on a disk which is itself kept securely.

17 EMERGENCY POWERS

In an emergency, the CEO/Principal, or the most senior member of staff on site, is empowered to waive these regulations for the express purpose of safeguarding people or property and only for the duration of the emergency. Any such waiver is to be reported in writing to the next Corporation meeting, such a report to be held on record.

18 RESTRICTED POWERS

All persons appointed to administer student funds including individual student trips must furnish a statement of receipts and payments to the Head of Finance in a timely manner (within 10 working days of the activity or at the time of claim/reimbursement of related expenses, whichever is the earlier).

19 RISK MANAGEMENT

The College acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable / unacceptable by the College will be set out in a separate risk management strategy.

The governing body has overall responsibility for ensuring that there is a risk management strategy and a common approach to the management of risk throughout the College through the development, implementation and embedment within the organisation of a formal, structured risk management process.

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 College-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with

a sensitivity analysis

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

The strategy and procedures must be capable of independent verification.

Head of Faculties must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The Director of Governance advice should be sought to ensure that this is the case.

19.1 PREVENTION OF FRAUD

It is the responsibility of the CEO/Principal to ensure that the Group's systems both Administrative and Financial incorporate effective internal controls with the object of minimising the risk of accidental errors and preventing fraud and misappropriation of assets.

The Executive of Finance, who has delegated responsibility from the CEO/Principal along with Internal Auditors and Audit Committee will advise the CEO on the controls and internal checks to be included in financial processes and systems. In providing this advice they will have regard to best practice and funding guidance. The basic concept must be adhered to is that no single person has the responsibility for all aspects of a transaction but rather, as far as it is possible, the work is shared between two or more colleagues. Through this segregation of duties it is ensured that someone is responsible for checking the work of others.

19.2 DETECTION OF FRAUD

In cases where colleagues or Internal Auditors discover fraud or misappropriation or have reasons to believe that one has occurred, the matter must be reported immediately to the Executive of Finance via email. The Executive of Finance will decide what further action needs to be taken and inform the CEO. Where required by Audit Code of Conduct the CEO will notify the Chair of the Audit Committee and/or funding bodies.

Where identified the corporation must inform the chair of audit committee, external auditors and internal auditors (if applicable) as soon as practically possible. ESFA must also be informed when the amounts are significant, that is exceeding £10,000 in value, as

soon as possible.

20 INTELLECTUAL PROPERTY RIGHTS AND PATENTS

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

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

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

21 USE OF THE COLLEGE'S SEAL

Where a deed or document requires the College's seal, it must be sealed by the Clerk to the Corporation or, in their absence, the Executive of Finance, in the presence of a member of the governing body.

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

22 COMPANIES

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

The Corporation is responsible for approving the establishment of companies (or joint ventures) and the procedure to be followed in order to do so. The process involved in forming a company and arrangements for monitoring and reporting on the activities of subsidiary undertakings will be the responsibility of the Corporation.

The Corporation will undertake a thorough review of the business plan and any proposed control arrangements for a new Company.

The establishment of and arrangements for a company will meet ESFA requirements.

The Corporation should ensure that following the establishment of a separate company a formal memorandum of understanding is established between the College and the Company, setting out the relationship between the Company and the College.

Before any College funds are made available to a Company, the Corporation should ensure that it will receive a satisfactory return, and that the College bears an acceptable level of risk.

ESFA funds may be used to purchase goods and services from a company or joint venture, subject to the usual requirements with regard to value for money. However, ESFA funds should not be used to fund or subsidise private trading ventures by the College, either through direct transfers of cash or indirect funding or subsidy arrangements such as granting subsidiaries more favourable terms of trade than other customers and providing staff free of charge or at a rate which does not cover the full costs involved.

It is the responsibility of the Corporation to establish the shareholding arrangements. Directors of Companies will be appointed in accordance with the articles of the company and in accordance with the guidance issued by the ESFA.

23 STUDENTS' UNION

The Students' Union is a constituent part of the College and, as such, is responsible to the Corporation. Subject to any constraints imposed by the funding body, the Corporation shall determine the level of grant to be paid annually to the Students' Union and approve their budget for the year.

The Finance Department is responsible for maintaining its financial records and preparing its annual summary statement. These may be operated within the College's broader financial framework.

At year end the Students' Union accounts will be approved by the College and will be presented to the Finance Committee for information. In accordance with an agreement between the College and the Students' Union, the College's Internal Auditor shall have access to records, assets and personnel within the Students' Union in the same way as other areas of the institution.

24 RECLASSIFICATION OF COLLEGES (ONS/DfE)

The DfE reclassification of Colleges in November 2022 has resulted in a number of changes to certain types of transactions.

Financial transactions:

24.1 MANAGEMENT OF SURPLUSES

The default MPM position is that, for grant-funded government bodies, any unspent grant will be clawed back by the funding body at year-end. However, it is essential that longer term financial planning is the cornerstone of the sector's financial sustainability, and so colleges will be able to carry forward any surpluses at year end without limit, including

for investment in capital assets. This agreement may require us to collect additional information from you and we will be in touch about this in due course. Colleges' freedom to carry forward surpluses does not alter existing arrangements for recovering funding due to ineligibility or under-delivery.

24.2 ASSET DISPOSALS

Colleges will continue to be able to manage their assets, including their estate, and to retain the proceeds of disposals. However, colleges will be required to ring fence the proceeds for reinvestment in capital assets. We will keep this approach in place until the end of the current Spending Review period (31 March 2025), when it will be reviewed. We may also need to collect additional information from you about your disposals.

24.3 SPECIAL SEVERENCE PAYMENTS

Special severance payments are payments that are discretionary and additional to those arising from statutory and contractual redundancy or severance terms. MPM's position is that making such payments on top of the normal entitlements does not usually provide good value for money or offer fairness to the taxpayers who fund them. Special severance payments should therefore only be considered in exceptional cases. However, special severance payments can be an important mechanism to allow employers to reform and react to new circumstances in the workplace.

Accordingly, such payments may be permitted when there is a clear, evidenced justification for doing so and when all relevant internal policies and procedures have been followed, and all alternative actions have been fully explored and documented.

Colleges will have delegated authority to make individual severance payments, provided any non-statutory/non-contractual element is under £50k or under 3 months' salary, whichever is the lower. Beyond this, DfE approval will be required. Furthermore, any proposed payments of whatever value that are linked to a non-disclosure agreement will also require DfE approval and, where supported, we will refer them to HMT for final consent. Additionally, in accordance with current Guidance on Public Sector Exit Payments, colleges must obtain prior DfE approval before making a special staff severance payment where: an exit package which includes a special severance payment is at, or above, £100,000, and/or the employee earns over £150,000.

Regardless of the above delegations, any special severance payment which is novel, contentious or repercussive, of whatever value, must be referred to DfE for approval and, where supported, we will refer to HMT for final consent.

It will be important that in those cases where approval is required that colleges refrain from entering into legally binding agreements until that approval has been obtained.

24.4 COMPENSATION PAYMENTS

Compensation payments provide redress for loss or injury, for example personal injuries,

traffic accidents or damage to property. If a college is considering a compensation payment, it must base its decision on a careful appraisal, including legal advice where relevant, and ensure value for money. If a college concludes that a compensation payment should be made, it has delegated authority to approve individual payments provided any nonstatutory/non-contractual element is under £50k. Where the college is considering a non-statutory/non-contractual payment of £50k or more, DfE's prior approval must be obtained.

24.5 EX GRATIA PAYMENTS

Ex gratia payments are another type of transaction going beyond statutory or contractual cover, or administrative rules. This could include payments to meet hardship caused by official failure or delay, and to avoid legal action due to official inadequacy. Ex gratia transactions must always be referred to DfE for prior approval, whatever the amount.

24.6 WRITE OFFS

We recognise that most sums written off by colleges are likely to be relatively small. Consequently, DfE consent to a write-off will only be required if the individual loss/write-off exceeds 1% of annual income or £45k individually (whichever is smaller), or 5% of annual income cumulatively (subject to a £250k cumulative ceiling).

24.7 INDEMNITIES, GUARANTEES AND LETTERS OF COMFORT

Central government bodies should not be entering into liabilities without explicit parliamentary authority, other than those arising in the normal course of business. We recognise that many commercial contracts will, in the normal course of business, include indemnity clauses; these will not be restricted and DfE consent will not be required. Beyond this, DfE consent will be required in respect of indemnities beyond the normal course of business, guarantees and letters of comfort in excess of:

- 1% of annual income or £45k (whichever is smaller); or
- 5% of annual income cumulatively (subject to a cumulative ceiling of £250k)

24.8 FINANCE LEASES

As you may know, there are two types of lease: operating leases and finance leases. Whilst finance leases constitute a form of borrowing, colleges will be able to continue with any existing finance leases until they come to the end of their term and will also be able to enter into new finance leases.

24.9 SENIOR PAY CONTROLS

Colleges remain responsible for setting the pay of their workforce. However, reclassification means that they will fall within the scope of HMT's senior pay controls.

We will update our existing guidance on senior pay to reflect the principles set out in HMT's guidance, and work with the sector to make sure that colleges are able to seek approval for any new or amended reward packages that fall within scope of the controls.

24.10 INSURANCE

Central government organisations should not generally take out commercial insurance because it is better value for money for the taxpayer to cover its own risks. However, there are some circumstances where commercial insurance is appropriate. We are exploring an alternative to commercial insurance for colleges with the Department's Risk Protection Arrangement scheme. For the moment, colleges can continue with their existing insurance arrangements, and can renew or take out new commercial insurance.

24.11 COMMERCIAL OPERATIONS AND SUBSIDIARIES

Colleges will remain free to conduct commercial operations, including through subsidiary companies. However, all subsidiary companies will be subject to the same MPM-based controls outlined in this letter as their parent college. If the purpose of any such subsidiary could be deemed to be novel, contentious or repercussive then the acquisition or establishment of such a subsidiary will also require prior DfE approval.

24.12 NOVEL, CONTENTIOUS AND REPERCUSSIVE TRANSACTIONS

Novel transactions are those of which your college has no experience or are outside its range of normal business. Contentious transactions are those that might cause criticism of the corporation by Parliament, the public or the media. Repercussive transactions are those likely to cause pressure on other colleges or other parts of the public sector to take a similar approach and hence have wider financial implications. Transactions by colleges or their subsidiaries that may be considered novel, contentious and/or repercussive must always be referred to DfE for prior approval. If supported, DfE will refer to HMT for final consent.

24.13 PRIVATE SECTOR BORROWING

Private sector borrowing refers to any borrowing from commercial lenders but also loans from local authorities and any other non-public sector organisations. Existing and future lending from DfE to colleges is excluded.

MPM is clear that from the date of reclassification colleges, as public sector organisations, may borrow from private sector sources only if the transaction delivers better value for money for the Exchequer. Because non-government lenders face higher financing costs, in practice it is very unlikely that colleges will be able to satisfy this condition for future private sector borrowing.

To ensure adherence to MPM by colleges post-reclassification, a consent process by DfE for college requests relating to future borrowing and amendments to existing agreements

as detailed below will be implemented. College DfE learner funding agreements will be updated in December 2022 to reflect this consent process as a new condition of funding. The main commercial lenders to the sector will be made aware of this new consent requirement. It is recognised that any restriction due to MPM on the availability of borrowing facilities to colleges following reclassification presents challenges to colleges both in respect of existing and future debt funding. New DfE initiatives relating to the learner funding profile and new DfE capital funding are being introduced to the sector to assist with funding areas previously provided by the private sector.

24.14 EXISTING BORROWING

Existing borrowing is any debt taken out and utilised (drawn down for loans) by the college or a related-subsiary up to 29 November 2022 in the form of a facilities agreement, senior debt finance agreement, working capital facility, term-loan, overdrafts, revolving credit facility, PFI property finance agreement (whether recognised on the balance sheet or not) and any other financing agreement.

The consent process will not apply to existing debt balances at the point of reclassification. Colleges should continue to repay such debt under the agreement terms to maturity. We expect that colleges will be able to ensure that any balances on variable type facilities (overdrafts and revolving credit facilities (RCFs)) are worked down to nil or repaid in full at maturity of the facilities.

Term loan balloon payments (at maturity) Colleges may have existing term debt with outstanding balances remaining at maturity. If this residual debt cannot be refinanced by a commercial lender compliant with MPM and a college does not have sufficient cash reserves to meet in full, then DfE will consider a request for financial assistance from a college at the relevant time.

Amendments to existing facility agreements

The college must obtain the written consent of the DfE before entering into any amendment to arrangements for existing borrowing within the scope of MPM and provide evidence how the change meets MPM rules.

Amendments which may be within the scope of MPM include, but are not limited to, changes relating to the term of a loan, repayment profile change, interest rate change outside of the existing agreement terms (including any move between a variable and a fixed interest rate) and providing additional security.

Amendments and other colleges actions related to facilities which are not within the scope of MPM and therefore do not require the written consent of the DfE include:

- Providing periodic standard written representations to lenders
- Changes to financial and non-financial covenants
- Changes to standard clauses following underlying legislation changes or other reasons

which are not within the scope of MPM as defined above

24.15 FUTURE BORROWING

New borrowing refers to any new debt or refinancing of the above existing borrowing types of debt and any new drawdown of existing borrowing facilities from 29 November 2022 onwards.

New finance arrangements or drawdown of funds post-reclassification under existing finance arrangements will be subject to MPM rules and colleges will be required to obtain the written consent of DfE in advance of committing to any new financing arrangements or actioning any new drawdowns of overdrafts, RCFs or loans.

New finance arrangements

The college is required to:

- Submit a formal request (Tab: Request 3) for consent using the college requests procedure set out above
- Receive written confirmation from DfE of consent
- As a condition of any consent, if given, supply a copy of the executed new agreement by email (as above) within 2 weeks of completion. Unutilised borrowing facilities (including undrawn term loans)

Any additional usage of existing overdraft, RCFs or drawdowns of existing term loans, limited to essential operational needs, above levels at the point of reclassification, will be subject to a consent process. The consent will be time limited to the earlier of maturity or 20 months to 1 August 2024 for overdraft and RCFs.

This is to allow time for the following to take effect: a proposed smoothing of the learner funding profile to improve a college's working capital position; and for new DfE capital funding initiatives to be introduced to minimise disruption to capital projects in progress.

The college is required to:

- Submit a formal request (Tab: Request 2a or 2b) for consent using the college requests procedure set out above no later than 16 December 2022.
- Receive written confirmation from DfE of consent for usage in the consent period, if given.

At the end of the consent period for overdrafts and RCFs, we expect that colleges will be able to ensure that such variable working capital facilities and other facilities are worked down to nil or repaid in full at the earlier of the end of the consent period or maturity of the facilities. Any residual balances remaining on overdraft and RCFs, not able to be repaid by colleges, will need to be the subject of a request to DfE for financial assistance from a college. The college will be required to submit a formal request (Tab: Request 5) for financial assistance using the college requests procedure set out above. A formal request



for any financial assistance by affected colleges will need to be made at least 6 months before maturity of the facilities (or immediately for relevant facilities maturing in the period to 31 May 2023).



APPENDIX A

**CITY COLLEGE PLYMOUTH
 QUOTATIONS AND TENDERS**

Quotations and Tenders are required as part of the Colleges Financial Regulations and Procedures for all items / projects over £1000 (£2000 for minor works) inclusive of VAT.

Where it is not practical to obtain the relevant number of competitive quotations or tenders, an explanation must be given below.

Please note that these requirements are for the protection of both the College and members of staff involved. It must be obvious that for all transactions, current Financial Regulations and Procedures have been followed which evidence impartiality and value for money.

The minimum required number of quotations or tenders from appropriate suppliers / contractors for a given value are:

Over £1000 (£2000 for minor works) up to £25,000	3 quotations	<input type="checkbox"/>
Over £25,000 up to £50,000	3 Tenders	<input type="checkbox"/>
Over £50,000	5 Tenders	<input type="checkbox"/>

Plus Corporation approval

Please tick relevant box.

Explanation:

Signed _____

Dated _____

The signatory authorises that the Quotation / Tendering regulations and procedures have been adhered to and that the selected quote / tender demonstrates value for money.

Please attach this form to the relevant Internal Requisition.