

Barnet and Southgate College

Financial Regulations

May 2019

Reviewed by & date: Interim Director of Finance and Corporate Operations, May 2019
Approved by & date: Governing Body, May 2019
Current Version: Version 3
Date of next review: May 2020

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TERMINOLOGY

Owing to the diverse nature of further and higher education institutions, a wide range of terms is in use for committees, staff and other persons connected to institutions. The following general terms have been used in this document.

BOARD MEMBERS / GOVERNORS

The members of the Corporation.

BOARD

The Corporation which is ultimately responsible for the affairs of the institution.

CHIEF EXECUTIVE OFFICER (CEO)

The person with ultimate executive responsibility for the management of the College, and who acts as its Chief Accounting Officer.

DIRECTOR OF FINANCE AND CORPORATE OPERATIONS

Day to day financial administration is controlled by the Director of Finance and Corporate Operations. The Director of Finance and Corporate Operations is responsible to the CEO.

ELTTEAM (ELT)

It is the term used for the Executive Leadership Team that assists the CEO in running the institution. This includes the senior post-holders.

BUDGET HOLDER

A member of staff who has been assigned his or her own budget (other than a Head of department) and is accountable to their Head of department for it.

DEPUTY DIRECTORS / ACADEMIC / SERVICE AREA HEADS

The Head of an academic or non-academic department / faculty of the institution that is responsible for the budget of his or her whole department/area. It is common for Deputy Directors / Academic / Service Heads to work through the ELT who have managerial responsibility for broad areas of the College's operation.

AUDIT COMMITTEE

A committee independent of executive responsibility, which advises the governing body on issues related to internal audit, external audit, risk and financial control. It is required to issue an annual report to the Board which, *inter alia*, comments on the College's system of internal control.

PROCUREMENT MANAGER

The person responsible for obtaining quotes, facilitating tenders and ensuring compliance with regulations. Note that Budget Holders can at times fulfil this role. The College is supported by a procurement service, reporting to the Director of Finance and Corporate Operations.

FUNDING BODY

In further education, this refers to the relevant funding council. For England, it refers to the Education and Skills Funding Agency (ESFA), which provides funding as well as having a wide range of other powers. Similarly, the Office for Students (OfS) is the body that funds and regulates higher education provision delivered by the College.

A GENERAL

1 Background

- 1.1** Barnet and Southgate College is a further education corporation created under the provisions of the Further and Higher Education Act 1992. Its structure of governance is laid down in the instrument and articles of government, which may only be amended by resolution of the Board of Governors. The College is accountable through its Board of Governors, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2** The College is an exempt charity by purposes of the Charities Act 1993, as amended by the Charities Act 2011.
- 1.3** The financial memorandum between the Funding Body and the College sets out the terms and conditions on which grant is made. The Board is responsible for ensuring that conditions of grant are met. As part of this process, the College must adhere to the Funding Body's Post-16 Audit Code of Practice, which requires it to have sound systems of financial and management control. The financial regulations of the College form part of this overall system of accountability.

2 Status of Financial Regulations

- 2.1** This document sets out the College's financial regulations. Regulations translate into practical guidance the College's broad policies relating to financial control. This document was approved by the Board as noted on the front page. It applies to the College and all its subsidiary undertakings.
- 2.2** These financial regulations are subordinate to the College's instruments and articles of government and to any restrictions contained within the College's financial memorandum with the Funding Body and the Post-16 Audit Code of Practice.
- 2.3** The purpose of these financial regulations is to provide control over the totality of the College's resources and provide management with assurances

that the resources are being properly applied for the achievement of the College's strategic plan and business objectives:

- 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.

2.4 Compliance with the Financial Regulations is compulsory for all staff connected with the College. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the College's disciplinary policy. The Board will be notified of any such breach through the audit committee. It is the responsibility of budget holders to ensure that their staff are made aware of the existence and content of the College's financial regulations.

2.5 The Board is responsible for maintaining a continuous review of the financial regulations, through the Director of Finance and Corporate Operations, and for approving any additions or changes necessary.

2.6 The College's detailed financial procedures set out precisely how these regulations will be implemented and are contained in a separate manual which is available via the intranet of the College.

B CORPORATE GOVERNANCE

3 General

The Board is responsible for the governance of the College. Its financial responsibilities are to:

- ensure the solvency of the College, the efficient and effective use of its resources and the safeguarding of the College's assets
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the CEO and other senior postholders
- 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
- approve the appointment of external auditors and an internal audit service
- ensure the efficient, economical and effective management of all the College's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the College is not put at risk
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution
- plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure
- approve an annual budget before the start of each financial year
- determine tuition fees
- ensure that the College complies with the Post-16 Audit Code of Practice
- approve the College's strategic plan and associated financial implications
- approve the annual financial statements.

- ensure the funds provided by the funding bodies are used in accordance with the terms and conditions specified in the College's financial memorandum with the funding bodies.
- ensure that effective financial control systems are in place

4 Designated Officer

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

In particular, the articles of government 3.(2).(e) charge the CEO with responsibility:

“...for preparing annual estimates of income and expenditure, for consideration and approval by the governing body, and for the management of budget and resources, within the estimates approved by the governing body.”

The CEO shall demonstrate his or her oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual financial statements, and form 5 of the three-year financial forecasts submitted to the funding body.

5 Committee Structure

5.1 General

The Board has ultimate responsibility for the College's finances, but delegates specific powers and processes to the committees detailed below. These committees are accountable to the Board.

5.2 Audit committee

The College is required by the financial memorandum with the funding body and by the Post-16 Audit Code of Practice to appoint an audit committee. The committee is independent of executive responsibility, advisory and reports to the Board. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The audit committee's terms of reference reflect the minimum requirements of the Funding Agency's Post 16 Audit Code of Practice and are reviewed annually. The audit committee's terms of reference are shown at Appendix A.

Whenever any matter arises which involves, or is thought to involve, material irregularities or fraud concerning cash, stocks or other property of the College or any other suspected material irregularity in the exercise of the activities of the College, the Committee shall ensure that internal audit and the ESFA are advised either by management or via the Clerk to the Corporation.

The primary role of external audit is to report on the College's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Post -16 Audit Code of Practice and the Auditing Standard Board

The College's financial memorandum with the ESFA requires that it has an effective internal audit function. The main responsibility of internal audit is to provide the Board, the audit committee and the CEO with assurances on the adequacy of the internal control system. The internal audit remains independent in its planning and operation and has direct access to the Board, Chair of Audit Committee and CEO. The internal audit will also comply with the Audit Practices Board's auditing guidance for internal auditors. The internal audit terms of reference are prescribed in the Audit Code of Practice.

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

5.3 Remuneration Committee

The Board has delegated its statutory responsibility for determining the pay and conditions of service of senior postholders and the Clerk, and the oversight of their performance, to a Remuneration and Appraisal Committee.

The Board reviews the Committee terms of reference and cycle of business annually. The Terms of reference are provided as Appendix B

The Committee makes decisions relating to pay and performance on behalf of the Board within an agreed policy. In exceptional circumstances, the Committee reserves the right to refer a matter for whole Board decision. Such circumstances might include the consequences of very poor or exceptionally good performance.

The Committee meets twice a year. Its membership comprises at least three external governors, including the Chair of the Board who leads on the appraisal of the CEO and the Clerk.

The CEO is responsible for the appraisal of all other senior postholders.

5.4 Search committee

This committee reviews the membership of the Board of Governors and advises the Board on the appointment and re-appointment of governors.

6 Other Senior Managers with Financial Responsibility

6.1 The Director of Finance and Corporate Operations

Day-to-day financial administration is controlled by the Director of Finance and Corporate Operations, who is responsible to the CEO for:

- preparing annual capital and revenue budgets and financial plans
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- preparing the College's annual accounts and other financial statements and accounts which the College is required to submit to other authorities
- ensuring that the College maintains satisfactory financial systems

- providing professional advice on all matters relating to financial policies and procedures
- day-to-day liaison with internal and external auditors in order to achieve efficient processes.

Appendix C shows, for the main areas in which advice is sought, details of the key contacts within the finance department.

6.2 ELT and Deputy Directors / Academic / Service Area Heads

ELT and Deputy Directors / Academic / Service Area Heads are responsible to the CEO for financial management for the areas or activities they control. They are advised by the Director of Finance and Corporate Operations in executing their financial duties. The Director of Finance and Corporate Operations will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. ELT and Deputy Directors / Academic / Service Heads are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved to budget holders, they are accountable to their head of department for their own budget.

ELT and Deputy Directors / Academic / Service Heads shall provide the Director of Finance and Corporate Operations with such information as may be required to enable:

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

6.3 All members of staff

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

They should ensure that they are aware of the College's financial authority limits and the values of purchases for which quotations and tenders are required (see paragraph 18).

They shall make available any relevant records or information to the Director of Finance and Corporate Operations or his or her authorised representative in connection with the implementation of the College's financial policies, these financial regulations and the system of financial control.

They shall provide the Director of Finance and Corporate Operations with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Board.

They shall immediately notify the Director of Finance and Corporate Operations whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the College. The Director of Finance and Corporate Operations shall take such steps as he or she considers necessary by way of investigation and report.

7 Risk Management

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

7.2 The Board has overall responsibility for ensuring 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.

7.3 In line with this policy, the Board 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 (see 22.1)
- 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.

- 7.4** ELT and Deputy Directors / Academic / Service Area Heads 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 Finance and Corporate Operation's advice should be sought to ensure that this is the case.

8 Whistle blowing

- 8.1** 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.
- 8.2** Normally, any concern about a workplace matter at the College should be raised with the relevant member of staff's immediate line manager or head of department. However, the College recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.
- 8.3** A member of staff may, therefore, make the disclosure to another member of staff or a Governor designated for this purpose.

8.4 The full procedure for whistle blowing is set out in the College's Whistleblowing policy, which is available through the human resources department and the College intranet. Further details of the Public Interest Disclosure Act are set out at Appendix D.

9 Code of Conduct

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

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

9.2 Additionally, members of the Board, ELT or those involved in procurement are required to disclose interests in the College's register of interests maintained by the Clerk to the Corporation. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.

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

9.4 Receiving gifts or hospitality

It is an offence under the Bribery Act 2010 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be:

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest
- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with

whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

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

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant Head of department or the Director of Finance and Corporate Operations. Guidance on acceptable hospitality is contained in the detailed financial procedures. For the protection of those involved, the Director of Finance and Corporate Operations will maintain a register of gifts and hospitality received where the value is in excess of £50. Members of staff in receipt of such gifts or hospitality are obliged to notify the Director of Finance and Corporate Operations promptly regardless of value.

C FINANCIAL MANAGEMENT AND CONTROL

10 Financial Planning

10.1 The Director of Finance and Corporate Operations is responsible for preparing annually a rolling three-year financial plan for approval by the Board, preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans and estates strategy approved by the Board.

10.2 Budget objectives

The Board will, from time to time, set budget objectives for the College. These will help the Director of Finance and Corporate Operations in preparing his or her more detailed financial plans for the College.

10.3 Resource allocation

Resources are allocated annually by the Board on the recommendation of the Director of Finance and Corporate Operations, and on the basis of the above objectives. ELT and Deputy Directors Academic / Service Area Heads are responsible for the economic, effective and efficient use of resources allocated to them.

10.4 Budget preparation

The Director of Finance and Corporate Operations is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Board. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Director of Finance and Corporate Operations must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to ELT members and Deputy Directors / Academic / Service Area Heads as soon as possible following their approval by the Board.

During the year, the Director of Finance and Corporate Operations is responsible for submitting revised budgets to the Board for approval.

10.5 Capital programmes

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

The Director of Finance and Corporate Operations will establish protocols for the inclusion of capital projects in the capital programme for approval by the Board. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. They are summarised at Appendix F and are shown in more detail in financial procedures.

The Director of Finance and Corporate Operations will also establish procedures for the approval of variations, including approval from the Governing Body and the notification of large variations to the funding body, as laid down in funding body guidelines.

The Director of Finance and Corporate Operations is responsible for providing regular statements concerning all capital expenditure to Board for monitoring purposes.

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

10.6 Overseas activity

In planning and undertaking overseas activity, the College must have approval from the Governing Body and due regard to the relevant guidelines issued by the funding body.

10.7 Other major developments

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or

staff time of more than £100,000 should be presented for review by the Board.

The Director of Finance and Corporate Operations will establish protocols for these major developments to enable them to be considered for approval by the Board. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet. They are summarised at Appendix G and are shown in more detail in financial procedures.

11 Financial Control

11.1 Budgetary control

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively. Budget holders are responsible to their ELTELT / Deputy Directors / Head of Department for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the Director of Finance and Corporate Operations by the Head of Department concerned and, if necessary, corrective action taken or planned.

11.2 Financial information

The budget holders are assisted in their duties by management information provided by the Finance office. The types of management information available to the different levels of management are described in the detailed financial procedures, together with the timing at which they can be expected.

Whilst budget holders may have revised budgets for operational reasons in year, and these revised budgets be used in management reporting below Board level, the approved budget shall always remain the official comparator for governance purposes.

The Director of Finance and Corporate Operations is responsible for supplying budgetary reports on all aspects of the College's finances to the Board but subject to any specific requirements of the funding body. The

relevant extracts from the overall position are reported to the Board so that they are aware of financial performance against budget. These reports are presented to the Board, which has overall responsibility for the College's finances.

11.3 Changes to the approved budget

Any changes proposed to the approved budget will be first considered by the Director of Finance and Corporate Operations and the CEO, who will make proposals to the Board.

11.4 Virement

Where a budget holder is responsible for more than one revenue budget, virement is permitted of up to 25% of the budget from which virement is sought, with the written approval of the Director of Finance and Corporate Operations.

There shall be no virement between the aggregate of payroll budgets and any other expenditure budgets without the prior authorisation of the Director of Finance and Corporate Operations.

Any virement shall not involve the College in additional financial commitments in subsequent years.

11.5 Treatment of year-end balances

At the year end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year unless there is a specific scheme for carrying forward all or part of unspent amounts which straddle over different accounting years. The advice of the Director of Finance and Corporate Operations should be sought at the earliest opportunity if such an adjustment is required.

12 Accounting Arrangements

12.1 Financial year

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

12.2 Basis of accounting

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

12.3 Format of the financial statements

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

12.4 Capitalisation and depreciation

New land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. 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 significantly greater than the current book value.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £1,000 including VAT or more. Grouped items (e.g. a suite of computers) with an individual value of less than £1,000 including VAT, will be capitalised. Capitalised assets other than land and buildings will be depreciated over a period of 5 years for IT hardware, software, equipment and Motor Vehicles and 10 years for furniture & fittings, commencing at the date of invoice of acquisition or when the asset come into use.

12.5 Accounting records and accounting policies

The Director of Finance and Corporate Operations is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.

The College is required by law to retain prime documents for six years. These include:

- official purchase orders
- paid invoices
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- payroll records, including part-time lecturers' contracts.

The Director of Finance and Corporate Operations will make appropriate arrangements for the retention of electronic records.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies.

Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder.

The Board will ensure that audited accounts are forward to ESFA no later than the deadline set by the funding body i.e. 31 December each year.

The Director of Finance and Corporate Operations is responsible for the safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must, therefore be forward to the Finance department. All such documents shall be held in an appropriate secure, fireproof location. Where a deed or document requires the College's seal, it must be sealed by Director of Finance and Corporate Operations, authorised by the signature of the Chair of the Board or another member authorised to act for the Chair; plus the signature of any other member.

12.6 Public access

Under the terms of the Charities Act 2011, the Board is required to supply any person with a copy of the College's most recent financial statements within two months of a request. The Act enables the Board to levy a reasonable fee and this will be charged at the discretion of the Director of Finance and Corporate Operations. The Board will also allow

members of the public to inspect the statement of accounts during normal working hours, and make a summary available on the College's website.

12.7 Taxation

The Director of Finance and Corporate Operations is responsible for advising ELTELT and Deputy Directors / Academic/ Service Area Heads, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. Therefore the Director of Finance and Corporate Operations will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, National insurance, corporation tax and import duty.

The Director of Finance and Corporate Operations is responsible for maintaining the institution's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

13 Audit Requirements

13.1 General

External auditors and internal auditors shall have authority to:

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

The Director of Finance and Corporate Operations is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

Following consideration by the Director of Finance and Corporate Operations, the Auditor's management letter regarding the financial

statements and regularity should be reviewed by the Audit Committee. On the recommendation of Director of Finance and Corporate Operations Accounting Officer and Audit Committee, the financial statements and management letter will be submitted to the Board for approval.

13.2 External audit

The appointment of external auditors for the main financial statements of the College will take place annually and is the responsibility of the Board. The Board will be advised by the Audit Committee.

The primary role of this external audit is to report on the College's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Post-16 Audit Code of Practice and the Auditing Practices Board's statements of auditing standards.

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

13.3 Internal audit

The internal auditor is appointed by the Board on the recommendation of the Audit Committee.

The main responsibility of internal audit is to provide the Board, the CEO and ELTELT with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the Board, CEO and Chair of the Audit Committee. The formal responsibilities of internal audit are detailed at Appendix H. The internal auditor will also comply with the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors*.

13.4 Fraud and corruption

It is the duty of all members of staff, ELTELT, Deputy Directors / Academic / Service Area Heads and the Board to notify the Director of Finance and Corporate Operations immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

The Director of Finance and Corporate Operations shall immediately invoke the fraud response plan, which incorporates the following key elements (see Appendix I for fuller details):

- he or she will notify the CEO and the Audit Committee (through its Chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report
- the CEO shall inform the police if a criminal offence is suspected of having been committed
- any significant cases of fraud or irregularity shall be reported to the funding body in accordance with their requirements as set out in the Post-16 Audit Code of Practice
- the audit committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate
- the internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the audit committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Director of Finance and Corporate Operations and/or the CEO, the member of staff shall directly notify the Chair of the Audit Committee of their concerns regarding irregularities.

13.5 Value for money (VfM)

It is a requirement of the financial memorandum that the Board of the College is responsible for delivering value for money from the public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice

issued from time to time by the funding body, the National Audit Office, The Public Accounts Committee or other relevant bodies.

The Audit Committee shall ensure that VfM arrangements are in place, including agreeing a VfM strategy with attendant reporting arrangements. The Director of Finance and Corporate Operations shall ensure that the VfM strategy is implemented. Internal audit shall have regard to value for money in its programme of work.

13.6 Other auditors

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

14 Treasury Management

14.1 Treasury Management Strategy

The College's treasury management strategy comprises the management of all cash, money market investments, capital market transactions and the control of associated risks. The objective for the investment purposes is to achieve the best possible return while minimising risk.

The College adopts a low risk strategy for the investment of surplus funds, including deposits held on the money market or in the College's deposit account.

The College must ensure sufficient funds are available to meet the College's obligations.

The Board is responsible for approving a treasury management policy statement setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with funding body rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Board has a responsibility to ensure implementation, monitoring and review of such policies.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Director of Finance and Corporate Operations and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the College and shall conform to any relevant funding body requirements. The Director of Finance and Corporate Operations and his/her staff are required to act in accordance with CIPFA's *Code of Practice*.

The Director of Finance and Corporate Operations will report to the Board at least quarterly in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

14.2 Treasury management statement

Detailed below is the College's Treasury Policy Statement, in compliance with accepted best practice.

- 1) The College defines its treasury management activities as:
"The management of the College's cash flows, its banking, money market and capital market transactions; the effective control of risks associated with those activities and the pursuit of optimum performance consistent with those risks".
- 2) The College regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly the analysis and reporting of treasury activities will focus on their risk implications for the College.
- 3) The College acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measure techniques, within the context of effective risk management.
- 4) The Board requires that any institution managing the College's cash investments should be investment grade rating, or higher.
- 5) Board may from time to time approve an alternative investment which it considers to be a low risk to the College.
- 6) This policy will be reviewed on an annual basis.

14.3 Appointment of bankers and other professional advisers

The Board is responsible for the appointment of the College's bankers and other professional financial advisers (such as investment managers) on the recommendation of the Director of Finance and Corporate Operations. The appointment shall be for a specified period after which consideration shall be given by the Director of Finance and Corporate Operations to competitively tendering the service every three to five years to ensure the College obtains value for money.

14.4 Banking arrangements

The Director of Finance and Corporate Operations is responsible, on behalf of the Board, for 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 Director of Finance and Corporate Operations, who shall make proper arrangements for their safe custody.

Only the Director of Finance and Corporate Operations or CEO 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 the Board. All cheques must be signed by two authorised persons, of which at least one shall be from ELT. Details of authorised persons and limits shall be provided for in the College's detailed financial procedures (see 18.2).

All automated transfers on behalf of the College, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Board. Details of authorised persons and limits shall be provided for in the College's detailed financial procedures (see 18.2).

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

Any changes in authorised signatories on the College's accounts shall be approved by the Chair of Board plus one other governor. Specimen

signatures shall be provided to the College's Bankers on a standard bank mandate form and this will be updated in the event of a change of signatories.

15 Income

15.1 General

The Director of Finance and Corporate Operations 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 and electronic collection systems must have the prior approval of the Director of Finance and Corporate Operation.

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Director of Finance and Corporate Operations, and are approved by the Board.

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

The Director of Finance and Corporate Operations is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the College's accounts.

The Director of Finance and Corporate Operations is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

15.2 Maximisation of income

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

15.3 Receipt of cash, cheques and other negotiable instruments

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

which they were received, for example cash, cheques and other negotiable instruments.

All monies received must be paid to the cashier promptly, and in accordance with a timetable prescribed by the Director of Finance and Corporate Operations and set out in financial procedures. The custody and transit of all monies received must comply with the requirements of the College's insurers.

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

All sums received must be paid in and accounted for in full in the finance system, and must not be used to meet miscellaneous departmental expenses or be paid into the departmental petty cash float except for reimbursement of petty cash controlled by the cashier.

Receipts by credit or debit card: the College may only receive payments by debit or credit card using procedures approved by the Director of Finance and Corporate Operations.

Internet receipts: any member of staff wishing to arrange for payment to be made to the College by the internet should seek guidance from the Director of Finance and Corporate Operations at an early stage.

Invoicing: Each budget holder responsible for generating Sales Ledger income must ensure that an invoice is raised promptly

15.4 Collection of debts

The Director of Finance and Corporate Operations 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 Director of Finance and Corporate Operations can implement credit arrangements and indicate the periods in which different types of invoice must be paid. Any changes must be submitted to the Board for approval.

Requests to write off debts of any value must be referred in writing, with justification, to the Director of Finance and Corporate Operations. The Director of Finance and Corporate Operations shall summarise all write-offs for scrutiny by the Board, as part of the routine Management Accounts reporting process. Cumulative write-offs in excess of £100,000 in any financial year shall require the explicit approval of the Board.

Where multiple write-offs are proposed within the same category of debt, the Director of Finance and Corporate Operations shall define written procedures to ensure consistent decision making. Where the total write-off is likely to exceed £50,000 or £100,000 these procedures shall be reviewed by the CEO, or the Board, respectively.

15.5 Student fees

The procedures for collecting tuition and residence fees must be approved by the Director of Finance and Corporate Operations. He or she is responsible for ensuring that all student fees due to the College are received.

Any student who has not paid an account for fees or any other item owing to the College shall not receive the certificate for any degree, diploma or other qualification awarded by the College until all outstanding debts have been cleared. Such students shall be prevented from re-enrolling at the College and from using any of the College's facilities unless appropriate arrangements have been made.

15.6 Student loans

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

15.7 Emergency/hardship loans

The College's scheme for emergency/hardship loans must be approved by the CEO. This will include the maximum assistance that can be given in

any individual case. Under no circumstances should payments be made other than in accordance with the approved scheme.

The Director of Finance and Corporate Operations is responsible for ensuring the adequacy of the systems in place for:

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

16 Other Income-Generating Activity

16.1 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 Deputy Directors / Head of department, in the case of the Head of the department, the ELT member, and in the case of the ELT member, the CEO.
- applications for permission to undertake work as a purely private activity must be submitted to the Head of Department, ELT member or CEO, 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 College duties of the member(s) of staff concerned.

16.2 Short courses and services rendered

In this context a short course is any course which does not form part of the award-bearing teaching load of the department.

Any staff wishing to run a short course must have the permission of their Head of department. The course organiser will be responsible to the Head of department for day-to-day management of the course.

The term 'services rendered' includes testing and analysis of materials, components, processes and other laboratory services or the use of existing facilities in order to gain additional information.

16.3 Off-site collaborative provision (franchising)

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

There shall be a contract signed by the CEO or Director of Finance and Corporate Operations and on behalf of any partner organisation that shall comply at least with the funding body model contract (as amended from time to time) in place before any provision is made. Contracts for significant changes in franchising activity shall be approved in advance by the Board.

The form of the contract shall be reviewed periodically by the College's legal advisers and approved by the Board.

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

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

16.4 Miscellaneous Grants, European Union (EU) projects and other matched funding

Any such project requires the approval of the CEO prior to any commitment being entered into. Such approval shall be dependent upon the relevant Head of department being able to demonstrate that eligible matching funds are available (where relevant) and that the project is financially viable by the application of the College's costing and pricing policy.

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

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

- this is on the basis of 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.

16.5 Profitability and recovery of overheads

Where income-generating activities are not immediately self-financing or surplus-generating they shall be agreed by Director of Finance and Corporate Operations as part of a longer term plan that will generate a net surplus over time.

Other income-generating activities organised by members of staff must be costed and agreed with the Director of Finance and Corporate Operations 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.

In any case, all expenditure will remain subject to the College's budgeting and procurement regulations, as covered elsewhere in this document.

16.6 Deficits

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

16.7 Additional contributions to departments

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

16.8 Additional payments to staff

Subject always to the authority limits set out in paragraph 18, and detailed procedures published by the Human Resources or Payroll departments,

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 department, in the case of a Head of Department, the ELT member and in the case of the ELT, the CEO.

17 Intellectual Property Rights and Patents

17.1 General

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

17.2 Patents

The Board 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.

17.3 Intellectual property rights

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

18 Expenditure

18.1 General

The Director of Finance and Corporate Operations is responsible for making payments to suppliers of goods and services for the College.

18.2 Scheme of delegation/financial authorities

ELT members and Deputy Directors / Academic / Service Area Heads are responsible for purchases within his or her department. Purchasing authority may be delegated to named individuals (budget holders) within the department. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures.

The Director of Finance and Corporate Operations shall maintain a register of authorised budget holders and Requisitioners. Deputy

Directors / Academic / Service Area Heads must supply him or her with details of those authorised staff.

Under procedures agreed by the Director of Finance and Corporate Operations, central control shall be exercised over the creation of Requisitioners and authorisers and their respective financial limits.

The Director of Finance and Corporate Operations must be notified immediately of any changes to the authorities to commit expenditure.

ELT and Deputy Directors / Academic / Service Area Heads and budget holders are not authorised to commit the College to expenditure without first reserving sufficient funds to meet the purchase cost.

Invoices will be authorised for payment by receipting of the goods or services using the College's purchase ordering system. The member of staff raising the purchase order will receipt the goods or services but the authorisation of the purchase order shall be by the relevant budget holder, in line with the College approval limits. For standalone invoices where no purchase order is available, such as utility bills, budget holders will authorise payment electronically via the College's finance systems.

18.3 Procurement

For the avoidance of doubt, these Financial Regulations shall take precedence over other policies and procedures with regard to procurement. Any requirement to depart from these procurement regulations must be discussed and agreed in advance with the Director of Finance and Corporate Operations or the CEO and evidenced using a Financial Variation Form (see below).

The College requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice. Factors to be considered in determining lowest cost are noted in the financial procedures.

The Director of Finance and Corporate Operations is responsible for ensuring that appropriate delegation is established to cover the following:

- ensuring that the College's procurement policy is known and observed by all involved in procurement for the College

- advising on matters of College procurement policy and practice
- advising and assisting departments where required on specific departmental procurement
- developing appropriate standing supply arrangements on behalf of the College to assist budget holders in meeting their value for money obligations
- vetting all orders above £25,000 (including VAT) before they leave the College
- the drafting and negotiation of all large-scale purchase contracts (generally in excess of £50,000 including VAT) undertaken by the College, in collaboration with the responsible department
- ensuring that the College complies with EU regulations on public procurement policy.

18.4 Purchase orders

The ordering of goods and services shall be in accordance with the College's detailed financial procedures and procurement policies.

Official College orders must be placed for the purchase of all goods or services, except those made using purchasing cards, company credit cards or petty cash. In exceptional circumstances, urgent orders may be given orally, but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.

When transferring goods or services between departments, an interdepartmental transfer form must be used and authorised by budget holder.

It is the responsibility of the Director of Finance and Corporate Operations to ensure that all purchase orders refer to the College's *purchase order terms and conditions* (see 19.8 and Appendix J).

18.5 Purchasing cards

The operation and control of the College's purchasing cards is the responsibility of the Director of Finance and Corporate Operations.

Holders of purchasing 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. Cardholders should obtain approval to

purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs. The Director of Finance and Corporate Operations shall determine what information is required on purchases made with purchasing cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained and cardholders must provide that information.

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

18.6 Tenders and quotations

ELT and Deputy Directors / Academic / Service Area Heads and delegated budget holders must comply with the College's tendering procedures contained in the College's Code of Tendering Practice, which are applicable as follows:

- under £5,000 (including VAT) – the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained.
- from £5,000 to £50,000 (including VAT) – the budget holder working with the procurement manager must obtain at least three written quotations, unless approved in writing by the Director of Finance and Corporate Operations or the CEO. The Director of Finance and Corporate Operations shall keep a register of approved exemptions to obtaining three quotes, recording the reason for approval. A sector approved framework agreement can be used as an alternative without undertaking an independent request for quotation (RFQ) process. In any event the Procurement Manager must be consulted for further guidance and to ensure compliance. Budget holders approving purchase orders for these amounts must make sure that they have seen the three written quotations.
- From £50,000 (including VAT) – a competitive tender process shall be used thereby resulting in a minimum of three suitable supplier tender responses. A sector approved framework agreement can be as an alternative without undertaking an independent request for quotation (RFQ) process. In any event the Procurement Manager must be consulted for further guidance and to ensure compliance
- the award of contracts in excess of £100,000 (including VAT) shall be reported to the Board for note.

The limits above are for the whole contract over its entire length. For contracts with an indeterminate duration, a period of five years shall be assumed. The Financial regulations cannot be circumvented through the use of multiple purchase orders for a single contract e.g. by the use of monthly or quarterly orders. Further details and examples are contained in the financial procedures as to the definition of a single contract.

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

The main points covered by the College's Code of Tendering Practice are described at Appendix K and may be subject to special rules imposed by funding bodies.

18.7 Contracts, Agreements, Funding Bids, Procurement Limits

Authority levels for signing contracts, agreements and fundraising bids apply to the total value even if it is spread over a number of years.

The limits are:

- Up to £5,000 (including VAT) – Deputy Directors / Academic / Service Area Heads and Budget Holders
- Up to £25,000 (including VAT) – ELT
- Up to £50,000 (including VAT) – Director of Finance and Corporate Operations
- Above £50,000 (including VAT) – CEO
- All contracts, agreements and bids must be approved by CEO or Director of Finance and Corporate Operations, regardless of the total value before signing / submission.

18.8 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.

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

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

All post-tender negotiations should be reported to the Board.

*Note that OJEU post tender negotiations exclude negotiations on price

18.9 Contracts

A. Building Contracts

Building contracts are the responsibility of the Board and are administered by the College's Head of Estates and Facilities.

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

Consultants may be appointed if the project, as determined by Board, is too large or too specialised for internal resources. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of costing or investment appraisals prepared in conjunction with the Director of Finance and Corporate Operations as appropriate for Board consideration. Investment appraisals should comply with appropriate funding body guidance.

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

B. General Contracts

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

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

As part of a contract, there should be a written clause which clearly state no variation to contract is permitted without written approval.

Where it is not possible to obtain the required number of tenders due to a specialization (e.g. decontamination, software or hardware licenses and maintenances, security system), a Financial Variation Form should be complied to support the waiver of the specific requirement and signed by Director of Finance and Corporate Operations or CEO as applicable.

The appointment of contractors, consultants, interim managers and the like shall be subject to the requirements of this clause 18.9, even if the initial justification and approval was for an established post under the College's staffing procedures. In such cases, it is acknowledged that it is often not practicable to obtain multiple tenders or quotes and a Financial Variation Form should be completed in such cases. Other provisions, such as the requirement to secure Value for Money, remain and must be observed.

18.10 EU regulations

The procurement manager is responsible for ensuring the College complies with its legal obligations concerning European (EU) procurement legislation. EU 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. From 01 January 2018, the thresholds are as follows:

Supplies and Services contracts	€221,000	£181,302
Works contracts	€5,548,000	£4,551,413

The procurement manager will advise ELT members and Deputy Directors / Academic / Service Area Heads on the thresholds that are currently in operation. A breach of these EU regulations is subject to legal challenge by a supplier or potential supplier.

It is the responsibility of ELT members and Deputy Directors / Academic / Service Area Heads to ensure that their members of staff comply with EU regulations by notifying the procurement manager of any purchase that is

likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as the *Official Journal of the European Union* (OJEU).

18.11 Receipt of goods and services

All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

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

Similarly, any shortcoming in the delivery of services shall be notified to the supplier immediately. If the situation is not rectified, this shall be reflected in the purchase order receipt process, to ensure that only the appropriate invoice amount is approved.

All persons receiving goods or services on behalf of the College must be independent of those who raised the official order.

18.12 Payment of invoices

The procedures for making all payments shall be in a form specified by and approved by the Director of Finance and Corporate Operations.

The Director of Finance and Corporate Operations 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. In exceptional circumstances the Director of Finance and Corporate Operations will prepare cheques, BACS or CHAPS for urgent payments.

ELT and Deputy Directors / Academic / Service Area Heads are responsible for ensuring that expenditure within their departments does not exceed funds available.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Finance department not to the department that received the goods or services.

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

Payments will only be made by the Director of Finance and Corporate Operations against invoices that can be matched to a receipted order or authorised standalone invoice.

Receipting of an electronic order will ensure that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- where appropriate, it is matched to the order
- invoice details (quantity, price discount, VAT) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- the invoice is legally payable by the College and not by some other authority or person
- 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 holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

Payment by cheque, standing order or direct debit will only take place in exceptional circumstances with written approval from CEO or Director of Finance and Corporate Operations. Direct debits are set up for payment of utilities, rates, telephones, procurement cards and PDQ charges.

Any payment in advance of receiving goods/services will only be at the discretion of CEO and Director of Finance and Corporate Operations and evidenced in writing.

18.13 Staff reimbursement

The College's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense.

However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 21.7).

Where such purchases by staff are planned, the Director of Finance and Corporate Operations and the relevant Deputy Directors / Academic and Services Heads may jointly approve cash advances to staff who are going to incur expenditure on the College's behalf. Upon completion of the travel or project to which the advance relates, within 14 days a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

18.14 College credit cards and procurement cards

Where appropriate, the CEO or the Director of Finance and Corporate Operations may approve the issuing of College credit cards or procurement cards to approved staff. Such credit cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. The Director of Finance and Corporate Operations will be responsible for setting in place a system to monitor the use of College credit and procurement cards and account for expenses charged through them.

18.15 Petty cash

Due to the diversification of College's activities, petty cash reimbursement are as follows:

- 1) Where a single item is for less than £25 it should be paid from petty cash if possible. It must be supported by receipts or vouchers where available. The maximum expenditure which can be considered as a petty cash for reimbursement is £100.00. Over this value a purchase order must be raised and an invoice submitted by the supplier.
- 2) Reimbursement of goods/services purchase by public operation such as Summer School or sports referees, will be the amount on the receipts.

The Director of Finance and Corporate Operations shall make available to the cashiers such imprests as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.

Requisitions for reimbursement are to be put through the finance system, 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 safekeeping. 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 him or her.

Standard College petty cash forms are supplied by the Director of Finance and Corporate Operations and must be used for recording all imprest accounts.

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

18.16 Other payments

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Director of Finance and Corporate Operations, supported by detailed claims approved by the Head of department.

Individual payments under 'outward collaborative provision' contracts shall be authorised by the Director of Finance and Corporate Operations. This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved under a scheme set out by the Board.

18.17 Late payment rules

The Board requires that invoices must be passed for payment as soon as they are received, for operational efficiency and to minimise errors and fraud.

18.18 Project advances

The Director of Finance and Corporate Operations 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. 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 or purchasing 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.

18.19 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.

19 Pay Expenditure

19.1 Remuneration policy

All College staff will be appointed to the salary scales approved by the Board and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources department.

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

Salaries and other benefits for ELT will be determined by the Remuneration Committee of the Board.

19.2 Appointment of staff

All contracts of service shall be concluded in accordance with the College's approved Human Resources practices and procedures and all offers of employment with the College shall be made in writing by the Head of Human Resources. Budget holders shall ensure that the Director

of Finance and Corporate Operations and the Head of Human Resources are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

19.3 Salaries and wages

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

The Head of Human Resources will be responsible for keeping the Director of Finance and Corporate Operations informed of all matters relating to personnel for payroll purposes. In particular these include:

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

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

The Director of Finance and Corporate Operations shall be responsible for keeping all records relating to payroll including those of a statutory nature.

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

19.4 Superannuation schemes

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

The Director of Finance and Corporate Operations is responsible for day-to-day superannuation matters, including:

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

The Head of Human Resources is responsible for administering eligibility to pension arrangements and for informing the Director of Finance and Corporate Operations when deductions should begin or cease for staff.

19.5 Travel, subsistence and other allowances

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

Claims by members of staff must be authorised by their Head of department (or CEO in the case of ELT and Deputy Directors / Academic / Service Area Heads). 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 or members of the Board shall be approved by the Chair of the Board. Arrangements for travel by the Chair shall be approved by the Vice Chair of Board.

19.6 Overseas travel for staff and members of the Board

All arrangements for overseas travel must be approved by the CEO or ELT in advance of committing the College to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the CEO or members of the Board shall be approved by the Chair of the Board. Arrangements for travel by the Chair shall be approved by the Vice Chair of Board.

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 would not normally make travel bookings for spouses, partners or other persons unconnected with the College.

19.7 Allowances for members of the governing body

Claims for members of the Board will be authorised by the Clerk to the Corporation. Claims for meeting attendance will be based on standard amounts for each individual, but only reasonable expenses can be reimbursed.

19.8 Severance and other non-recurring payments

Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the Board. Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose.

All such payments shall be authorised by the CEO or ELT and calculations checked by the Head of Human Resources or Director of Finance and Corporate Operations.

Any individual amounts that do not fall within the parameters above or are in excess of £30,000 require approval by the Board. In exceptional circumstances this approval may be given by the Chair of the Board in consultation with the CEO, to be reported to the next meeting of the relevant meeting. Amounts paid should be declared in the financial statements.

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

20 Assets

20.1 Land and buildings

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

20.2 Plant, machinery and equipment

The purchase of plant, machinery and equipment will be carried out as per the normal procurement limits as set out in sections 18.6 and 18.7.

20.3 Fixed asset register

The Director of Finance and Corporate Operations is responsible for maintaining the College's register of land, buildings, fixed plant and machinery. ELT and Deputy Directors /

Academic / Service Area Heads will provide the Director of Finance and Corporate Operations with any information he or she may need to maintain the register.

For security purposes, computer equipment with a value less than £1,000 may also be included in the asset register.

20.4 Inventories

ELT and Deputy Directors / Academic / Service Area Heads are responsible for maintaining inventories, in a form prescribed by the Director of Finance and Corporate Operations, for all plant, equipment, furniture and stores in their departments with a value in excess of £1,000 including Vat. The inventory must include items donated or held on trust.

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

When transferring equipment, etc between departments, a transfer record must forward to Finance department and the inventories amended accordingly.

20.5 Stocks and stores

ELT and Deputy Directors / Academic / Service Area 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 Director of Finance and Corporate Operations

ELT and Deputy Directors / Academic / Service Area 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 ELT and Deputy Directors / Academic /Service Area whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Director of Finance and Corporate Operations and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the College's detailed financial procedures.

20.6 Safeguarding assets

ELT and Deputy Directors / Academic / Service Area are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the Director of Finance and Corporate Operations 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.

20.7 Personal use

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

20.8 Asset disposal

Disposal of equipment and furniture must be in accordance with procedures agreed by the Board and contained in the College's detailed financial procedures.

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

The disposal of equipment and furniture with a net book value of less than £3,000 can be approved by the CEO provided that it can be demonstrated that the asset can no longer be used satisfactorily for the purpose for which it was acquired.

20.9 All other assets

ELT members and Deputy Directors / Academic / Service Area are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the College, whether tangible (such

as stock – see above) or intangible (such as intellectual property – see section 18), including electronic data.

A Disaster recovery plan is in place to mitigate against loss of computing facilities and is reviewed annually.

21 Funds Held on Trust

21.1 Gifts, benefactions and donations

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

21.2 Student welfare and access funds

Director of Finance and Corporate Operations will prescribe the format for recording the use of student welfare funds.

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

21.3 Voluntary funds

Director of Finance and Corporate Operations shall be informed of any fund that is not an official fund of the College which is controlled wholly or in part by a member of staff in relation to their function in the College.

The accounts of any such fund shall be audited by an independent external person and shall be submitted with a certificate of audit to the appropriate body. The Director of Finance and Corporate Operations shall be entitled to verify that this has been done.

22 Other

22.1 Insurance

The Director of Finance and Corporate Operations is responsible for the College's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy (see sections 7.1 to 7.5), all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide

sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the Board on an annual basis.

The Director of Finance and Corporate Operations is responsible for effecting insurance cover as determined by the Board. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Director of Finance and Corporate Operations will keep a register of all insurances effected by the College and the property and risks covered. He or she will also deal with the College's insurers and advisers about specific insurance problems.

ELT members and Deputy Directors / Academic / Service Area Heads 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 Finance and Corporate Operations advice should be consulted to ensure that this is the case.

ELT and Deputy Directors / Academic / Service Area Heads must give prompt notification to the Director of Finance and Corporate Operations of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. ELT and Deputy Directors / Academic / Service Area Heads must advise the Director of Finance and Corporate Operations immediately of any event that may give rise to an insurance claim. Director of Finance and Corporate Operations will notify the College's insurers and, if appropriate, prepare a claim in conjunction with the ELT and Deputy Directors / Academic / Service Area Heads for transmission to the insurers.

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

All staff using their own vehicles on behalf of the College shall maintain appropriate insurance cover for business use and comply with the detailed procedure on such use, operated by the Head of Estates and Facilities, designed to safeguard both the driver and the College.

22.2 Companies and joint ventures

In certain circumstances, it may be advantageous to the College to establish a company or a joint venture to undertake services on behalf of

the College. Any member of staff considering the use of a company or a joint venture should first seek the advice of the Director of Finance and Corporate Operations, who should have due regard to guidance issued by the funding body.

The Board is responsible for ensuring that appropriate procedures are followed when establishing a company or joint venture. The process involved in forming a company or a joint venture and arrangements for monitoring and reporting on the activities of these undertakings are documented in the College's financial procedures.

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

The directors of companies where the College is the majority shareholder must submit, via the Board, an annual report to the Board. They will also submit business plans or budgets as requested to enable the committee to assess the risk to the College. The College internal and external auditors shall also be appointed to such companies.

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

22.3 Security

Keys to safes or other similar containers are to be locked away securely or carried on the person of those responsible at all times. The loss of such keys must be reported to the Director of Finance and Corporate Operations immediately.

An officer shall be responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 1998/The General Data Protection Regulations 2018. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

The Director of Finance and Corporate Operations is responsible for the safekeeping of official and legal documents relating to the College. Executed original versions of deeds, leases, agreements and contracts must, therefore, be forwarded to the Director of Finance and Corporate Operations. All such documents shall be held in an appropriately secure, fireproof location and copies held electronically.

22.4 Students' Union (arm's length)

The Students' Union is a separate legal entity from the College but is recognised to fulfil a valuable role in relation to the College's students.

Subject to any constraints imposed by the funding body, Board shall determine the level of grant to be paid annually to the Students' Union. The Board requires the Union to provide for information details of its proposed budget to assist in determining the appropriate level of grant.

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

In accordance with an agreement between the institution and the Students' Union, the Union will provide monthly statements of income and expenditure to the Director of Finance and Corporate Operations and the Board for information purposes only.

At year end the Students' Union financial statements will be audited by an appropriately qualified firm of auditors and will be presented to the Board 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 College.

22.5 Use of the College's seal

Where a deed or document requires the College's seal, it must be sealed by the Clerk of the Corporation or, in his or her absence, the Director of Finance and Corporate Operations, and authenticated by the Chair of the Board or a nominated substitute plus one other governor.

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

22.6 Provision of indemnities

Any member of staff asked to give an indemnity, for whatever purpose, should consult the Director of Finance and Corporate Operations before any such indemnity is given.

Authority for the provision of indemnities shall be subject to the delegated authority limits, as if it were expenditure.

All indemnities shall be recorded in a register and the contingent liability recorded in the accounts.

23 Appendices

Appendix A	Audit Committee Terms of Reference
Appendix B	Remuneration & Appraisal Committee Terms of Reference
Appendix C	Key Contacts in the Finance Department
Appendix D	Main Features of the Public Interest Disclosure Act 1998
Appendix E	The Seven Principles of Public Life from the Report of the Committee for Standards in Public Life (The Nolan Report)
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Appendix J	Conditions of Contract for the Purchase of Goods
Appendix K	Main Points included in the College's Code of Tendering Practice

APPENDIX A: AUDIT COMMITTEE TERMS OF REFERENCE

1. **Membership**

- 1.1 The Committee shall comprise of at least three members. The Committee may co-opt up to two members who are not members of the Corporation.
- 1.2 The Committee membership should include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively.
- 1.3 The Chair of the Corporation, the CEO, governors who have significant interests in the College and other senior postholders may not be members of the Committee;
- 1.4 The internal auditor shall be entitled to attend and speak at all meetings of the Committee (but not to vote) as shall the financial statements auditor where business relevant to them is being discussed. Senior management shall also be invited to attend meetings of the Committee, particularly where their area of responsibility is under discussion, and shall be entitled to attend and speak at such meetings but not to vote.
- 1.5 The Committee may invite the Corporation's advisers or other third parties to attend meetings of the Committee as appropriate (such persons shall not have a vote but shall be entitled to speak at the meeting).
- 1.6 The Chair and the Vice-Chair of the Committee will be selected by the Corporation.
- 1.7 The quorum for meetings of the Committee shall be two governors on the Corporation.
- 1.8 The Clerk to the Corporation shall act as Clerk to the Committee.
- 1.9 The Committee will meet at least three times per year. The internal auditor or financial statements auditors may request a meeting of the Committee if they consider that one is necessary and the Committee will endeavor to comply with such requests. In any event, the Committee must consider a minimum number of items of business each year for it to be able to function effectively.

2. Purpose

The Audit Committee complies with the minimum terms of reference, set out within the Funding Agencies' Post 16 Audit Code of Practice. It must not adopt an Executive role.

The purpose is to provide independent and authoritative advice to the Governing Body on the effectiveness of internal control and management systems, including those for securing the economy, efficiency and effectiveness of the activities of the college. The Audit Committee, on behalf of the Governing Body, ensures that financial management and other control systems are adequate, and ensure the integrity and probity of the college's policies.

In addition to this, the Committee carries out value for money investigations in areas identified by the Chair and Corporation

3. Powers and restrictions

- 3.1. the right to investigate any activity within its terms of reference
- 3.2 the right to access all the information and explanations it considers necessary, from whatever source, to fulfil its remit
- 3.3 the right, whenever it is satisfied that it is appropriate to do so, to go into confidential session and (subject to the rules as to quoracy set out above) to exclude any, or all, participants and observers, except the clerk to the committee.
- 3.3 a restriction not to adopt an executive role

4. Terms of reference

- 4.1 To advise the governing body on the adequacy and effectiveness of the Corporation's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money);
- 4.2 To advise the governing body on the appointment, reappointment, dismissal and remuneration of the financial statements auditor and the IAS;
- 4.3 Advise the governing body on the scope and objectives of the work of the IAS and the financial statements auditor;
- 4.4 To ensure effective co-ordination between the IAS and the financial statements auditor;

- 4.5 To consider and advise the governing body on the audit strategy and annual internal audit plans for the IAS;
- 4.6 To advise the governing body on internal audit assignment report and annual reports and on control issues included in the management letters of the financial statements auditor and management's responses to these;
- 4.7 To monitor, with an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, the financial statements, spot check reports and the financial statements auditor's management letter;
- 4.8 To consider and advise the governing body on relevant reports by the NAO, funding bodies and where appropriate, management's response to these;
- 4.9 To establish, in conjunction with college management, relevant annual performance measures and indicators, and to monitor the effectiveness of the IAS and financial statements auditor through these measures and indicators and decide, based on this review, whether a competition for price and quality of the audit service is appropriate;

- 4.10 To produce an annual report for the governing body and accounting officer, which complies with the requirements of the Audit Code of practice and which includes a summary of the work undertaken by the committee during the year and the committee's advice on the effectiveness of the college's risk management, control and governance processes, and any significant matters arising from the work of the IAS and the financial statements auditor;
- 4.11 To submit its annual report, and recommend the statement of corporate governance and internal control to the Board of Governors for approval and signature;
- 4.12 To oversee the corporation's policies on fraud, irregularity and whistleblowing, and ensure that all allegations of fraud and irregularity are properly followed up; investigation outcomes are reported to the audit committee; and that cases are reported to the auditors and funding body as appropriate, under the terms of the Code of Practice;

- 4.13 To be informed of all additional services undertaken by the IAS and the financial statements auditors and
- 4.14 To note the annual financial statements.

APPENDIX B:

BARNET AND SOUTHGATE BOARD OF GOVERNANCE

**TERMS OF REFERENCE (TOR)
REMUNERATION AND APPRAISAL COMMITTEE**

1. Introduction. The authority for these TORs is contained in the
 - a. **Instruments and Articles of Government Order as approved by the Board and**
 - b. **Board Policies.**

The Board has authorised the Appraisal and Remuneration Committee to determine and/or advise the Board on SPH salary and other matters as detailed at para 6. Delegated powers do not remove the ultimate responsibility of the Board for decisions taken on its behalf.
2. General Access to Meetings. The nature of business conducted by the Committee is sensitive and confidential. Written applications to attend meetings are to be submitted to the Chair of the Committee to be received at least 14 days in advance of the planned meeting date. The application must explain the reason for the request; only in exceptional cases will permission be given.
3. Meetings.
 - a. Frequency. The Committee shall meet as required usually twice a year unless the Chair, in consultation with the Clerk, agrees that there is insufficient business; the Clerk will record such action.
 - b. Special Meetings. The Clerk when instructed only by the Chair, or in his absence, by the Vice or acting Chair, shall call Special meetings of the Committee. At such meetings the Agenda shall normally be limited to consideration of a single, or related, items. Standing items shall not be included in the Agenda.
4. Chair, Membership and Quorum.
 - a. Chair and Vice Chair. The Chair and Vice-Chair (if required) of the Appraisal and Remuneration Committee shall be appointed by the Board at the first meeting of each academic year. The Chair of the Board of Governors shall not normally be the Committee Chair.
 - b. Membership. The Committee shall comprise at least three external governors, one of whom shall be the Chair of the Board :

In attendance:

(i) the Clerk to the Corporation.

(ii) the CEO may attend the meeting to advise the Committee except for matters relating to their own pay and performance.

(iii) the Committee may invite Human Resources advisers or other external advisers to attend.

The following shall be excluded from membership:

(iv) staff and student members;

(v) any members with declared interests in the College;

c. Quorum. 2

5. Agendas for Meetings. The Agenda shall be agreed between the Committee Chair and the Clerk.

6. Delegation of Authority. The Board has delegated the Appraisal and Remuneration Committee to review the performance of SPHs against agreed objectives, to determine appropriate salary levels and to advise/inform the Board accordingly. The Committee reserves the right to refer matters back to the Board for decision in exceptional circumstances.

7. Specific scope of Committee authority.

The Committee shall:

- a) Advise the Board on the framework or policy for deciding the remuneration of the CEO, any other Senior Postholders and the Clerk.
- b) Determine levels of pay and other benefits of the CEO, other Senior Postholders and the Clerk in accordance with the agreed framework/policy
- c) Oversee the appraisal of the CEO, other Senior Postholders and the Clerk
- d) Approve annual objectives for the CEO, other Senior Postholders and the Clerk
- e) Consider any key risks associated with the Committee's remit and ensuring that procedures are in place to manage these;
- f) Consider other issues relating to the remuneration of senior post holders and the Clerk that are not specifically referred to above;

8. Reporting

The Committee shall report to the Board through its minutes. Staff and Student Governors will not be party to this report. Any minutes not taken by the Clerk, due to their withdrawal from the meeting, will be circulated separately to Board Members by the person who takes them.

APPENDIX C: KEY CONTACTS IN THE FINANCE DEPARTMENT

INTRODUCTION

- 1 The finance department is located at the Southgate Campus
- 2 In order to obtain maximum benefit from the finance department, it is important to observe the published deadlines. The deadlines have been established in order to guarantee the delivery of particular services which might not otherwise be achievable.
- 3 The main services are listed on the following pages together with appropriate contact names. There is also a list at the end of the document which gives contact details for individual post-holders.

FINANCE SERVICES

- 4 Finance services cover the following functions.
- 5 **Creditor payments.** This section pays all sums owed by the College other than payroll items. Payments are made mainly to suppliers of goods and services but the section also administers access fund and emergency loan payments to students and petty cash reimbursements. Payments can be made to any country and in most currencies. For payments queries please contact Donovan Carpenter.
- 6 **Collection of income.** All income due to the College must be banked through the cashiers. Payments are received by BACS, cheques, cash, credit cards or debit cards and can be in sterling or foreign currencies. Instalment facilities are available for some categories of student in relation to their tuition fees. Overdue debts are pursued in consultation with departments and, where appropriate, court action is taken. Security arrangements for cash in transit are made for transfers between cashiers and the bank but not for internal transfers to cashiers.

- 7 **Payroll.** The College's payroll is managed by the payroll team, which is part of the finance department. All standing data and adjustments are effected through the finance department, which is also responsible for submission of all PAYE returns. For payroll queries please contact Lydia Kyereme.
- 8 **Insurance.** All aspects of insurance cover and claims are handled by the finance department. Prompt notification of all losses by the use of the appropriate form is essential if claims are to be processed effectively. Failure to notify the police in cases of theft or criminal damage can also invalidate cover. For insurance queries please contact the Head of Finance.
- 10 **Controlled stationery.** In order to comply with financial regulations, to ensure that current versions of documents are used and to avoid duplication of control numbers, it is important to order these items from the finance department. They include official order forms and invoices. All other forms should be used from the college intranet and they include receipts, claim forms, travel forms, catering service forms, etc.

FINANCIAL ACCOUNTING

- 11 Many of the functions under this heading will not directly affect College and departments. They include maintenance of the accounting system, preparation of final and other accounts, tax returns, etc. Another such function relates to treasury management, which encompasses borrowing and lending, cash flow forecasting and management of the bank accounts. There are, however, several services which are for the specific benefit of users.
- 12 **Other services rendered and research grants projects.** Other services rendered and research job numbers are allocated on receipt of proposal forms so that all income and expenditure can be matched to projects. Advice is available for the preparation of bids for projects, especially in relation to external funding. Arrangements are also made for vetting and auditing various grant claims. For queries relating to other services rendered and research contracts please contact the Head of Finance.

- 13 Use of system.** Advice and training is provided for users to access and use the data held in the accounting system. For queries relating to the operation of the accounting system please contact the Head of Finance.
- 14 Major capital projects.** Assistance in the preparation of bids for funding, investment appraisals and monitoring of schemes are all included within the service. It is mandatory for the negotiation of funding packages to be carried out by finance department staff. For queries relating to capital schemes and grant claims please contact the Director of Finance and Corporate Operations.

MANAGEMENT ACCOUNTING

- 15** Much of the work in this area is at a corporate level. This includes the preparation of the financial plan, consolidation and submission of planning data to the funding council, compilation of the detailed annual budget and production of comparative statistical data. The Director of Finance and Corporate Operations must also provide regular monitoring statements and financial advice to the Board and its committees.
- 16 Budget monitoring.** At College and department level, detailed management accounts are produced indicating performance against budget at account code level. In accordance with strict procedures, budgets are constantly updated and users informed accordingly. All users also attend regular meetings with finance department staff in order to ensure that monitoring statements are being received, understood and used. For queries relating to budget maintenance please contact Shyrose Mitha.
- 17 Budget planning.** Advice is available for all budget managers for the purpose of the preparation of their business plans. This is particularly important in the area of other services rendered and research grant contracts where markets can be volatile. For queries relating to budget planning, please contact Director of Finance and Corporate Operations.

MANAGEMENT CONTROL

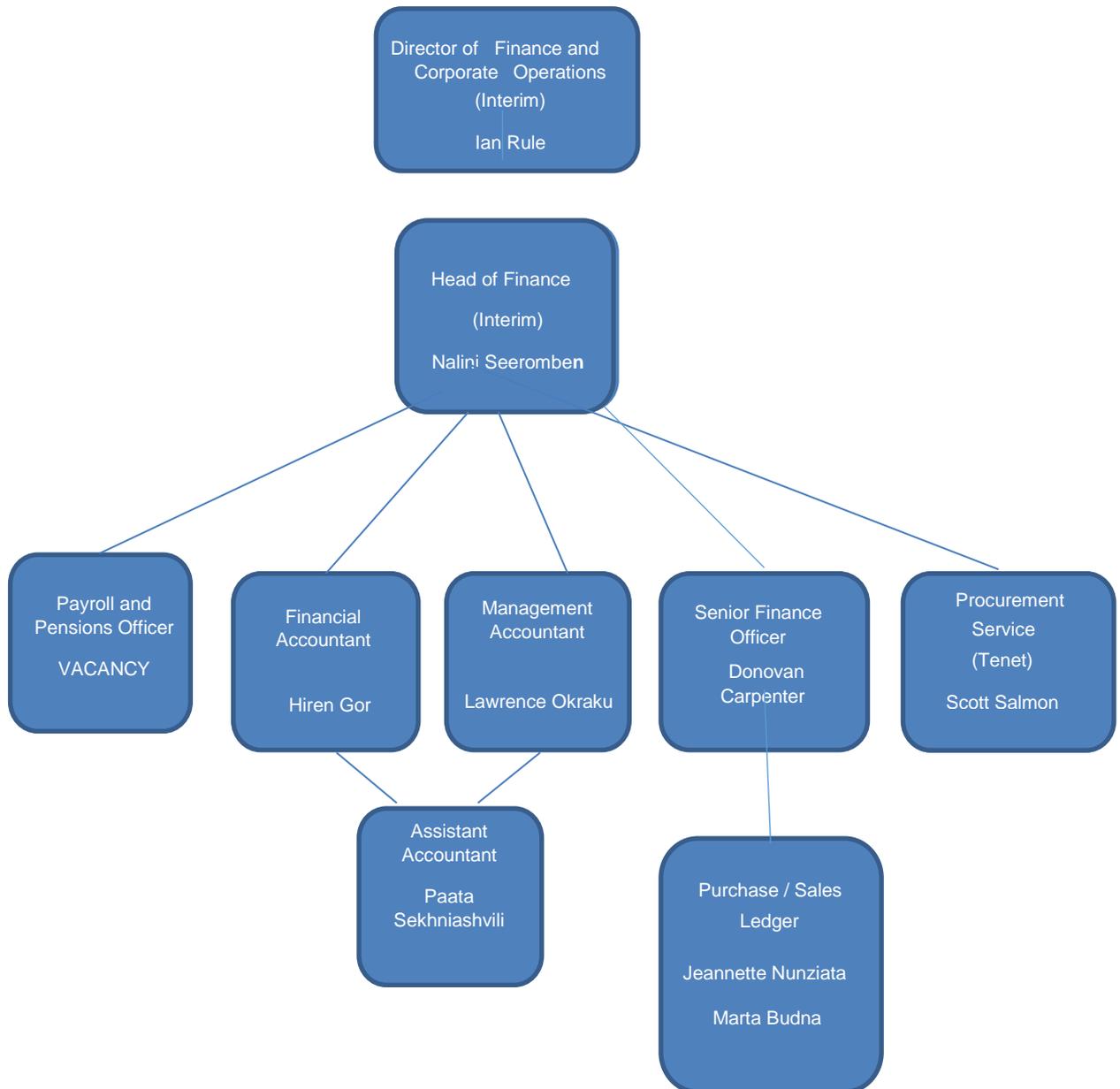
- 18 A range of services provided by the finance department relate to the overall control of the College's systems. Some of these are mandatory.
- 19 **Internal audit.** All College must have an independent internal audit function which operates in conjunction with the audit committee. The finance department is responsible for the receipt and co-ordination of responses to audit reports and for the implementation of audit committee projects.
- 20 **Procedures and regulations.** Financial regulations and detailed financial procedures are maintained and disseminated by the finance department. Again, their existence is a funding council and audit committee requirement. For queries relating to management control matters please contact Director of Finance and Corporate Operations.

PROCUREMENT

- 21 The *procurement* function is generally devolved, with authority to *procure* granted to budget holders within the threshold framework stipulated in the financial regulations. The procurement manager is responsible directly to the head of finance and reports periodically to the audit committee. His or her primary purpose is to produce, advice on and coordinate the *implementation* of the institution's *procurement* strategy, policy and procedures.
- 22 **Contract development.** Commodity/service research; contract strategy; supplier appraisal and approval; supplier and contract management.
- 23 **Tender process.** Production and issue of documentation; tender evaluation; contract award recommendations; European procurement directive application.

- 24 Operational issues.** *Procurement* advice and guidance on the acquisition of goods/services; assistance with compiling specifications; quotations; sourcing of vendors; negotiations; maintenance of the procurement process and associated guide notes.
- 25 Low-value purchasing.** A purchasing card system for the procurement of low-value goods/services in operation. The head of finance controls the operation of this system.
- 26 Purchasing consortium.** The institution is a member of the London universities' purchasing consortium (LUPC), the Crescent Purchasing Consortium, OGC Buying Solutions (government agency for all public sector institutions).
- 27** For all procurement issues contact the Director of Finance and Corporate Operations.

Finance department organisation chart



APPENDIX D: MAIN FEATURES OF THE PUBLIC INTEREST

DISCLOSURE ACT 1998

SUMMARY

The Act came into force on 2 July 1999. It encourages people to blow the whistle about malpractice in the workplace and is designed to ensure that organisations respond by acting on the message rather than against the messenger. The Act applies to employees blowing 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 applies whether or not the information is confidential and extends to malpractice occurring in the UK and any other country or territory. In addition to employees, it covers trainees, agency staff, contractors, home workers, trainees and every professional in the College. Employment law restrictions on minimum length of service and age do not apply. At present, the Act does not cover the genuinely self-employed, volunteers, the army, intelligence services or police officers. The Act has been described as 'the most far reaching whistleblower protection in the world'.

INTERNAL DISCLOSURES

A disclosure in good faith to a manager or the employer will be protected if the whistleblower has a reasonable suspicion that the malpractice has occurred, is occurring or is likely to occur.

REGULATORY DISCLOSURES

The Act protects disclosures made in good faith to prescribed bodies such as the Health and Safety Executive, the Financial Services

Authority and Her Majesty's Revenue and Customs, where the whistleblower has a reasonable belief that the information and their allegation(s) are substantially true.

WIDER DISCLOSURES

Wider disclosures (e.g. to the police, the media, MPs, and nonprescribed regulators) are protected if, in addition to the tests for regulatory disclosures, they are reasonable in all the circumstances and they meet one of the three preconditions. Provided they are not made for personal gain, these preconditions are that the whistleblower:

- reasonably believed they would be victimised if they raised the matter internally or with a designated regulator
- reasonably believed a cover-up was likely and there was no regulator
- had already raised the matter internally or with a prescribed regulator.

An employee who makes a wide, public disclosure is more likely to be protected if there was no internal procedure set up.

FULL PROTECTION

Where the whistleblower is victimised in breach of the Act they can bring a claim to an employment tribunal for compensation. Awards are uncapped and based on the losses suffered. Additionally, where an employee is sacked, they may apply for an interim order to keep their job. Not all disclosures made by an employee are protected under the Act. Those that are include criminal acts, health and safety violations, breaches of legislation and miscarriages of justice. However, such acts are only protected as long as the disclosure is made in good faith to the employer, or any other person authorised under a procedure set up by the employer for this purpose. (Disclosures can also be made to appropriate regulatory bodies, such as the Health and Safety Executive.) Where an employee reasonably suspects malpractice (and this includes any crime), they will be protected from victimisation where they raise the matter in good faith with a person who is legally responsible for whistleblowing.

QUALIFYING AREAS

The qualifying areas consist of information that the employee reasonably believes tends to show one or more of the following matters is either happening now, took place in the past, or is likely to happen in the future:

- a criminal offence
- the breach of a legal obligation
- a miscarriage of justice
- a danger to the health or safety of any individual
- damage to the environment
- deliberate covering up of information tending to show any of the above five matters.

APPENDIX E: THE SEVEN PRINCIPLES OF PUBLIC LIFE FROM
THE REPORT OF THE COMMITTEE FOR STANDARDS IN PUBLIC LIFE
(THE NOLAN REPORT)

SELFLESSNESS

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

INTEGRITY

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that may influence them in the performance of their official duties.

OBJECTIVITY

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

ACCOUNTABILITY

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS

Holders of public office should be as open as possible about all their decisions and the actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

HONESTY

Holders of public office 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

Holders of public office should promote and support these principles by leadership and example.

APPENDIX F: SUMMARY OF PROTOCOLS FOR PROPOSED CAPITAL EXPENDITURE

Proposed capital projects should be supported by:

- A statement that demonstrates the project's consistency with the strategic plans and estates strategy approved by the Board.
- An initial budget for the project for submission to ELT or the Board, as appropriate. The budget should include a breakdown of costs including professional fees, VAT and funding sources.
- A financial evaluation of the plans together with their impact on revenue plus advice on the impact of alternative plans.
- An investment appraisal in an approved format which complies with funding body guidance on option and investment appraisal.
- A demonstration of compliance with normal tendering procedures and funding body regulations. This will require careful consideration where partnership arrangements are in place.
- A cash flow forecast.

More detail on these protocols can be found the College's financial procedures.

APPENDIX G: SUMMARY OF PROTOCOLS FOR PROPOSED MAJOR DEVELOPMENTS

The proposal should be supported by a business plan for three years which sets out:

- a demonstration of the proposal's consistency with the strategic plans approved by the governing body and with the College's powers under current legislation
- details of the market need and the assumptions (based on reference data) of the level of business available
- details of the business and what product or service will be delivered
- an outline plan for promoting the business to the identified market and achieving planned levels of business
- details of the staff required to deliver, promote and manage the business, together with any re-skilling or recruitment issues
- details of any premises and other resources required
- a financial evaluation of the proposal together with its impact on revenue and surplus, plus advice on the impact of possible alternative plans and sensitivity analyses in respect of key assumptions
- contingency plans for managing adverse sensitivities
- consideration of taxation and other legislative or regulatory issues
- a three-year financial forecast for the proposal including a monthly cash flow forecast and details of the impact on the institution cash flow forecast for the financial years in question.

More detail on these protocols can be found the College's financial procedures.

AS ADVISED BY EDUCATION & SKILLS FUNDING AGENCY

The Post-16 Audit Code of Practice 2018-19 is the current version, published in February 2019. There is no requirement for an internal audit function as such.

The prime responsibility of the internal audit service is to provide the governing body with assurance on the adequacy and effectiveness of the risk management, control and governance processes. Responsibility for risk management, control and governance processes remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management to improve systems of risk management, control and governance processes and so to reduce the potential effects of any significant risks faced by the College. Risk assessment provides the opportunity for internal audit work to be efficient and focused. It does not necessarily imply that internal audit activity has to be increased.

Internal audit can also provide independent and objective consultancy advice specifically to help management improve the risk management, control and governance processes. In such circumstances, internal auditors apply their professional skills in a systematic and disciplined way to contribute to the achievement of corporate objectives. Such advisory work contributes to the opinion that internal audit provides on the overall adequacy and effectiveness of risk management, control and governance processes.

APPENDIX I: FRAUD RESPONSE PLAN

PURPOSE

- 1 The purpose of this plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The use of the plan should enable the institution to:
 - prevent further loss
 - establish and secure evidence necessary for criminal and disciplinary action
 - notify the funding body, if the circumstances are covered by the mandatory requirements of the Post-16 Audit Code of Practice
 - recover losses
 - punish the culprits
 - deal with requests for references for employees disciplined or prosecuted for fraud
 - review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud
 - keep all personnel with a need to know suitably informed about the incident and the institution's response
 - inform the police
 - assign responsibility for investigating the incident
 - establish circumstances in which external specialists should be involved
 - establish lines of communication with the police.

INITIATING ACTION

- 2 All actual or suspected incidents should be reported without delay to the Director of Finance and Corporate Operations. The Director of Finance

and Corporate Operations should, within 24 hours, hold a meeting of the following project group to decide on the initial response:

- Head of Human Resources (chair)
 - a senior representative of internal audit
 - Director of Finance and Corporate Operations.
- 3 The project group will decide on the action to be taken. This will normally be an investigation, led by internal audit. The decision by the project group to initiate a special investigation shall constitute authority to internal audit to use time provided in the internal audit plan for special investigations, or contingency time, or to switch internal audit resources from planned audits.

PREVENTION OF FURTHER LOSS

- 4 Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the project group will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspects. It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.
- 5 In these circumstances, the suspect(s) should be approached unannounced. They should be supervised at all times before leaving the College's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the College. Any security passes and keys to premises, offices and furniture should be returned.
- 6 Advice should be obtained on the best means of denying access to the College while suspects remain suspended (for example, by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly, access permissions to the College's computer systems should be withdrawn without delay.

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

ESTABLISHING AND SECURING EVIDENCE

- 8 A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The College will follow disciplinary procedures against any member of staff who has committed fraud. The College will normally pursue the prosecution of any such individual.
- 9 Internal audit will:
- maintain familiarity with the College's disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation
 - establish and maintain contact with the police where appropriate
 - establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act
 - ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

NOTIFYING THE FUNDING BODY

- 10 The circumstances in which the College must inform the funding body about actual or suspected frauds are detailed in the Post-16 Audit Code of Practice. The CEO is responsible for informing the funding body of any such incidents.

RECOVERY OF LOSSES

- 11** Recovering losses is a major objective of any fraud investigation. Internal audit shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.
- 12** Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The College would normally expect to recover costs in addition to losses.

REFERENCES FOR EMPLOYEES DISCIPLINED OR PROSECUTED FOR FRAUD

- 13** The staff handbook includes a requirement that any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to the director of human resources. The Head of Human Resources and OD shall prepare any answer to a request for a reference having regard to employment law.

REPORTING TO GOVERNORS

- 14** Any incident matching the criteria in the Post-16 Audit Code of Practice (as in paragraph 10 above) shall be reported without delay by the CEO to the chairs of both the governing body and the audit committee.
- 15** Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the chairs of both the board of governors and the audit committee.
- 16** On completion of a special investigation, a written report shall be submitted to the audit committee containing:

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

This report will normally be prepared by internal audit.

REPORTING LINES

- 17** The project group shall provide a confidential report to the chair of the governing body, the chair of the audit committee, the CEO and the external audit partner at least monthly, unless the report recipients request a lesser frequency. The scope of the report shall include:
- quantification of losses
 - progress with recovery action
 - progress with disciplinary action
 - progress with criminal action
 - estimate of resources required to conclude the investigation
-
- actions taken to prevent and detect similar incidents.

RESPONSIBILITY FOR INVESTIGATION

- 18** All special investigations shall normally be led by internal audit. Special investigations shall not be undertaken by management, although management should co-operate with requests for assistance from internal audit.
- 19** Some special investigations may require the use of technical expertise which internal audit does not possess. In these circumstances, the project group may approve the appointment of external specialists to lead or contribute to the special investigation.

REVIEW OF FRAUD RESPONSE PLAN

- 20** This plan will be reviewed for fitness of purpose at least annually or after each use. Any need for change will be reported to the audit committee for approval.

APPENDIX J: CONDITIONS OF CONTRACT FOR THE PURCHASE OF GOODS
AND SERVICES

**LIST OF HEADINGS WITHIN BARNET AND SOUTHGATE
COLLEGE STANDARD TERMS AND CONDITIONS**

- Definitions
- The Goods or Services
- The Price
- The Delivery
- Property and Risk
- Damage in Transit
- Inspection, Rejection and Guarantee
- Labelling and Packing
- Intellectual Property
- Health and Safety
- Indemnity and Insurance
- Termination
- Recovery of Sums Due
- Assignment, Sub-contracting, Severance and Third Parties
- Notices

APPENDIX K: MAIN POINTS INCLUDED IN THE INSTITUTION'S CODE OF TENDERING PRACTICE

- Duty to comply by the College's staff.
- EU directives to be complied with.
- Competitive tendering procedure, which will:
 - ensure fairness of competition
 - ensure that companies invited to tender are financially and technically able to meet the College's requirements
 - indicate the terms of the contract
 - outline the appropriate British standards to be complied with.
- Quotation procedure, which will indicate:
 - the minimum number of firms that should be expected to provide quotations
 - lists of available firms in existence which have been approved by the institution that might undertake the work specified
 - the terms by which the contractors will be paid
 - the national requirements concerning good practice that should be followed.
- Submission of tenders (e.g. time, date, etc).
- Receipt and safe custody of tenders and records.
- Admissibility and acceptance of tenders.
- Acceptance of tenders/quotations.
- Justification of acceptance of tenders not at the lowest price.