



# FINANCIAL REGULATIONS

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Finance Committee	June 2024
Audit Committee:	November 2024
Corporation:	December 2024
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## **INTRODUCTION**

- 1.1 The Corporation was established under the Further and Higher Education Act 1992. Its structure and governance are set out in the Instrument and Articles of Government alongside the Code of Good Governance for English Colleges.
- 1.2 The college is an exempt charity under Part 3 of the Charities Act 2011.
- 1.3 The Conditions of Funding Agreement with the Education and Skills Funding Agency (ESFA) sets out the terms and conditions on which the funding grant is made. The Corporation is accountable for ensuring that the conditions of funding are met. As part of this process the college must adhere to the Post-16 Audit Code of Practice which requires it to have sound systems of financial and management control.
- 1.4 The ESFA's College Financial Handbook sets out the Department for Education's (DfE's) financial management and control requirements in line with HM Treasury's Managing Public Money.
- 1.5 These financial regulations form part of this overall system of accountability.

## **2 PURPOSE**

- 2.1 This document provides a framework to ensure the proper management and accountability of public funds, ensure the accuracy of financial reporting and to provide assurances that resources are being properly applied for the achievement of the college's strategic plan.
- 2.2 The objectives of this framework are:
  - Financial viability and solvency
  - Achieving value for money
  - Ensuring effective financial control over the use of public funds
  - Ensuring that the college complies with all relevant legislation
  - Minimising the risk of fraud and bribery
  - Safeguarding the assets of the college
- 2.3 These Financial Regulations are subordinate to the College's Instrument and Articles of Government to any restrictions contained within the college's Financial Memorandum with the funding body, the College Financial Handbook, and the funding body's Audit Code of Practice.

## **3 SCOPE**

- 3.1 Compliance with the Financial Regulations is compulsory for all staff connected with the college, including those from agencies or employed on a temporary basis. 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 Corporation will be notified of any such breach through the Audit Committee.
- 3.2 It is the responsibility of heads of department to ensure that their staff are made aware of the existence and content of the college's Financial Regulations. Equally, individuals

have a responsibility to ensure that their actions are fully compliant with those regulations.

3.3 Any breaches of internal discipline with regard to Financial Regulations will be brought to the attention of the HR Director in order that it can be dealt with in accordance with The Disciplinary Policy.

#### **4 RESPONSIBILITIES OF THE CORPORATION**

4.1 The Corporation, as set out in the Instrument and Articles of Government, is responsible for the following functions:

- i. the determination and periodic review of the educational character and mission of the institution and the oversight of its activities; (i a) publishing arrangements for obtaining the views of staff and students on the determination and periodic review of the educational character and mission of the institution and the oversight of its activities;
- ii. approving the quality strategy of the institution;
- iii. the effective and efficient use of resources, the solvency of the institution and the Corporation and safeguarding their assets;
- iv. approving annual estimates of income and expenditure;
- v. the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts and the Clerk, including, where the Clerk is, or is to be appointed as, a member of staff, the Clerk's appointment, grading, suspension, dismissal and determination of pay in the capacity of a member of staff;
- vi. setting a framework for the pay and conditions of service of all other staff

4.2 Corporation may establish committees for any purpose or function, other than those assigned in these Articles to the Principal or Clerk and may delegate powers to

- i. such committees;
- ii. the Chair, or in the Chair's absence, the Vice-Chair; or
- iii. the Principal

4.3 The **Audit Committee** has been established in line with the requirements of the Instruments and Articles and the ESFA Conditions of Funding to advise the Corporation on matters relating to audit arrangements and systems of internal control. The Terms of Reference for the Audit Committee are available on the Governance section of the College's website or by contacting the Clerk to the Corporation.

4.4 The **Finance Committee** is commissioned by the Corporation to undertake specified pieces of work related to the finances of the College, including regular review of these Finance Regulations. It will termly as a minimum and additionally when the Corporation requires a task to be carried out on its behalf

## 5 RESPONSIBILITIES OF THE COLLEGE PRINCIPAL

5.1 The Principal is the college's designated Accounting Officer. The Principal's financial responsibilities are derived from the Instrument and Articles and set out in the Corporation's Scheme of Delegation.

5.2 As Accounting Officer, the Principal carries responsibilities to parliament and to the ESFA's accounting officer for the Colleges' financial resources.

5.3 Financial administration is controlled by the Vice Principal Resources who is accountable to the Principal for:

- i. Setting financial strategy and preparing long term financial plans;
- ii. Preparing annual capital and revenue budgets for recommendation to the Corporation;
- iii. Preparing the College's annual Financial Statements;
- iv. Ensuring the timely preparation of monthly accounts, management information and monitoring and control of expenditure against budgets;
- v. Maintaining the Financial Regulations;
- vi. Ensuring relevant controls and policies are in place;
- vii. Ensuring bank accounts, financial systems and financial records are operated by more than one person;
- viii. Providing professional advice on all matters relating to financial policies and procedures;
- ix. Undertaking major tender exercises on the College's behalf;
- x. Ensuring compliance with UK Procurement legislation;
- xi. Advising and negotiating major contracts;
- xii. Day-to-day liaison with internal and external auditors in order to achieve efficient processes;
- xiii. Managing the college's finance and payroll teams.

5.4 College managers are responsible to the Principal, through the Senior Leadership Team, for the overall financial management of their allocated budget. Managers are responsible for ensuring that the financial regulations are properly applied in their area.

5.5 All members of staff should be aware of, and have a general responsibility for, the security of the college's property to avoid loss and ensure efficiency in the use of resources.

They shall make available any relevant records or information to the Vice Principal Resources (or their 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 Vice Principal Resources with such financial and other information as he or she may deem necessary from time to time to carry out the requirements of the governing body.

They shall immediately notify the Vice Principal Resources or the Audit Committee whenever any matter arises which involves, or is thought to involve, irregularities

concerning financial resources or property of the college. The Vice Principal Resources shall take such steps as they consider necessary by way of investigation and report.

## 6 AUDIT REQUIREMENTS

6.1 In accordance with the requirements of the ESFA Conditions of Funding, the Corporation appoints both External and Internal Auditors. External and Internal Auditors shall have authority to:

- i. Access the College premises at reasonable times
- ii. Access all assets, records, documents and correspondence relating to any financial and other transactions of the College
- iii. Require and receive such explanations as are necessary concerning any matter under examination

### 6.2 External Auditors

The role of the external audit service is to report on the College's Financial Statements and to carry out such examination of the Statements and the underlying records and control systems as are necessary to reach an opinion on the Statements and to report on the appropriate use of funds. Its 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, including a review of the Corporation's statement of regularity, propriety and compliance.

The appointment of external auditors will take place annually and is the responsibility of the Corporation. The Corporation will be advised by the Audit Committee.

### 6.3 Internal Auditors

The role of the internal audit service is to provide management with an objective assessment of whether systems and controls are working properly to achieve management's objectives. It is a key part of a College's whole system of internal control because it measures and evaluates the adequacy and effectiveness of other controls so that:

- i. The Corporation and Senior Leadership Team can know the extent to which they can rely on the whole system of internal control of the College
- ii. Individual managers can assure themselves that the systems and controls for which they are responsible are reliable.

The internal audit service is appointed by the Corporation for a term of 3 years. This is subject to satisfactory annual review by the Audit Committee and recommendation to the Corporation. Remuneration shall be fixed by the Governing Body on the advice of the Audit Committee. A new competition for the selection of the internal audit service may be held at least every three years.

The College internal audit service should report to the Audit Committee and Principal, via the Vice Principal Resources, without delay, serious weaknesses, all instances of fraud, major accounting and other control breakdowns.

From time to time the College may be subject to audit or investigation by other external bodies such as; ESFA, OFSTED or HMRC Inspectors.

## **7 FINANCIAL MANAGEMENT AND CONTROL**

### **7.1 Long Term Financial Planning**

Each year, the Vice Principal Resources will prepare a three-year financial plan. The three-year plan is reviewed and recommended for approval by the Finance Committee in the spring term. The three-year plan must be approved by the Corporation before its submission to the Education and Skills Funding Agency by 31 July each year. Financial plans should be consistent with the strategic plans and objectives approved by the Corporation.

### **7.2 Annual Budgets**

The Vice Principal Resources is responsible for the preparation of a detailed annual budget. The annual budget is reviewed and recommended for approval by the Finance Committee in the spring term. The annual budget must be approved by the Corporation prior to the start of the financial year.

It is the responsibility of the Vice Principal Resources to ensure that there is an effective, transparent and equitable method of allocating budgets across departments.

Budget Managers are responsible for the economic, effective and efficient use of resources allocated to them. Budget Managers will allocate resources to individual departments through departmental Budget Holders.

### **7.3 Budget timetable**

August	Start of financial year Preparation of previous year financial statements
October	Completion of previous year financial statements and external audit Closure of previous year.
November	Audit Committee meets to review financial statements and audit completion report
December	Approval of financial statements by the Corporation
Feb/March	Preparation of three-year financial plan Review of three-year financial plan and provisional next financial year budget by Finance Committee  Funding allocation for next financial year received Review provisional next year financial budget

June Holders	Final next year financial budget reviewed by Finance Committee Budget allocations for next financial year confirmed to Budget
July	Approval of final next year financial budget by the Corporation Approval of three-year financial plan by the Corporation Submission of three-year financial plan to the ESFA

#### 7.4 Budgetary Control

The College operates a system of delegated budgets and all Budget Holders are responsible for budget management and control within their designated department. They are responsible for controlling expenditure, achieving agreed income targets and monitoring their area's financial performance and explaining variances.

The Vice Principal Resources will ensure that Budget Holders have appropriate support and information to enable them to fulfil the above responsibilities in accordance with Section 7 below.

Budget Holders may delegate authority but remain accountable. Budget holders are responsible to their head of department for the income and expenditure appropriate to their budget.

Budgets are allocated to each area on an annual basis, but may be subject to revision in the light of the College's overall financial position.

#### 7.5 Capital Expenditure

Capital items of expenditure are those with both an accounting lifespan longer than one year, other than fixtures and fittings, and a VAT inclusive cost exceeding **LIMIT 1 of SCHEDULE A**. All capital items are depreciated over their expected useful life as disclosed in **LIMIT 2 of SCHEDULE A**.

Funding designated as capital by the ESFA may only be used for capital expenditure. .

The Vice Principal Resources is responsible for providing regular reports concerning all capital expenditure to the Finance Committee (and, where appropriate, the Accommodation Working Group) for monitoring purposes.

#### 7.6 Other major developments

Any new aspect of business that will require an investment in buildings, resources or staff time of more than £100,000 in total should be presented to the Finance Committee, in order that it may recommend its approval to the governing body.

Local partnership arrangements that do not involve the college assuming the liabilities of the partner(s) through, for example, employment contracts, contracts for the receipt or provision of goods and/or services, or assuming the role of 'lead body' in a consortium seeking grant funding, can be approved by the Principal.

## 7.7 Management Accounts and Information

Monthly management accounts will be prepared within fifteen working days of the month end by the Finance department in conjunction with the Vice Principal Resources for review by the Senior Leadership Team, to include:

- i. An executive summary of income and expenditure including a projected outturn for the end of the year
- ii. A detailed income and expenditure analysis
- iii. A balance sheet with a projected year end outturn
- iv. A 12 month rolling cash flow forecast
- v. The latest DfE financial dashboard report (annually)

Monthly budget statements will be distributed to budget holders.

Management account data is distributed to the Corporation within the cycle of termly Corporation reporting.

## 8 ACCOUNTS AND FINANCIAL STATEMENTS

8.1 The Vice Principal Resources is responsible for the integrity of all accounting transactions and for producing annual Financial Statements. The college's financial year will run from 1<sup>st</sup> August until 31<sup>st</sup> July in the following year.

### 8.2 Accounting transactions

Appropriate arrangements must be in place for:

- i. the recording and execution of all financial transactions;
- ii. payment of all properly authorised accounts in accordance with the agreed arrangements;
- iii. claiming all grants ensuring that such claims are capable of verification and audit;
- iv. keeping proper accounts and accounting records in accordance with the provisions of the ESF Conditions of Funding or those of any other relevant funding body;
- v. the retention of electronic records ensuring that these arrangements comply with UK GDPR and Freedom of Information requirements.

### 8.3 Financial Statements

Audited Financial Statements must be produced for each financial year that:

- i. reflect the format and content in accordance with Financial Reporting Standard 102 (FRS 102) and Statement of Recommended Practice: Accounting for Further and Higher Education (FE and HE SORP);
- ii. are approved by the Corporation and signed by the Principal and by the Chair of Governors;
- iii. are submitted to the ESFA in line with their requirements;

### 8.4 Public access

Under the terms of the Charities Act 2011, the governing body 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 governing body to levy a reasonable fee, and this will be charged at the discretion of the Vice Principal Resources. The college will also make the financial statements available on its website within one month of them being approved by the governing body.

## 8.5 Taxation

The Vice Principal Resources is responsible for advising heads of department, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues pertinent to the college. Therefore, the director of finance will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, corporation tax, and import duty.

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

## 9 FRAUD, CORRUPTION AND ETHICS

### 9.1 Strategy

Governors and Senior Managers are responsible for maintaining a culture that is honest and open and that has a zero tolerance to fraud, corruption and unethical behaviour. All staff are expected to act honestly and with integrity at all times, to obey the law and to safeguard the public resources for which they are responsible.

### 9.2 Fraud and Irregularities

It is the duty of all members of staff, management and the governing body to notify the Vice Principal Resources immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud and material misstatement, corruption, or any other impropriety.

The Vice Principal Resources shall maintain an anti-fraud, bribery and corruption policy which details the response to be taken.

If the suspected fraud is thought to involve the Vice Principal Resources and/or the Principal, the member of staff shall notify the chair of the Audit Committee directly of their concerns regarding irregularities.

If staff believe that it is inappropriate to notify the Vice Principal Resources, they may notify the Principal; if this is not appropriate, they may notify the chair of the Audit Committee.

### 9.3 Public Interest Disclosure (Whistleblowing)

The Audit Committee is responsible for the oversight of the Public Interest Disclosure (Whistleblowing) Procedures.

#### 9.4 Gifts, Gratuities and Hospitality

It is an offence under the Bribery Act 2010 for members of staff to corruptly accept 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:

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

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

Where gifts, gratuities or hospitality are acceptable:

- i. all offers and acceptances by members of staff must be agreed by the Senior Leadership Team, instances valued at over £50 must be reported to the Vice Principal Resources.
- ii. all offers and acceptances by Corporation members must be agreed with the Chair of the Corporation, and reported to the Clerk to the Corporation.

The Vice Principal Resources is responsible for maintaining registers for gifts, gratuities received, valued at over £25, and hospitality over £100 and for reporting this register to the Corporation.

Members of staff in receipt of such gifts or hospitality are obliged to notify the Vice Principal Resources (or other designated officer) promptly.

Any goods received by the College as gifts must be dealt with by the Vice Principal Resources who will satisfy himself/herself of any taxation and revenue expenditure implications. Where future revenue expenditure in connection with this item is likely to be in excess of **LIMIT 3 of SCHEDULE A** (including VAT), the approval of the College Principal must be sought before the gift may be accepted.

It is the responsibility of all members of staff and governors to act in accordance with the College's Anti-Bribery Guidelines.

## 9.5 Conflicts of Interest

The Clerk to the Corporation is responsible for maintaining a Register of Interests for all Corporation Members and senior staff and for giving advice in this area to Corporation members.

All staff must ensure that they report any potential conflict of interest to the Vice Principal Resources at the earliest opportunity. The Vice Principal Resources is responsible for giving advice and guidance to staff and for making decisions on matters that are referred from staff.

## 10 VALUE FOR MONEY (VFM)

It is a requirement of the Conditions of Funding and Managing Public Money through the College Financial Handbook that the Corporation is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the funding body, the National Audit Office, the Public Accounts Committee, or other relevant bodies.

Methods of purchasing should take account of securing VFM. To achieve this, the college allows the use of online purchasing and recommends use of frameworks and contracts negotiated for the sector by Crescent Purchasing Consortium and use of tender exercises.

The Post-16 Audit Code of Practice requires the Audit Committee to : "assess and provide the corporation with an opinion on the adequacy and effectiveness of the corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets" Furthermore the Audit Committee is required under the Code, to advise the Governing Body on the adequacy and effectiveness of the College's arrangements for securing economy, efficiency and effectiveness (value for money).

Corporation will seek to ensure value for money through:

- i. Appointing an Accounting Officer
- ii. The work of the Finance Committee and Audit committee
- iii. Regular review of the Finance Regulations
- iv. Appointing internal and external auditors to test the Finance Regulations are being met
- v. Internal audit is to have regard to VFM in its programme of work. This will be used to enable the Audit Committee to refer to value for money in its annual report.
- vi. Regular review of College Management Accounts and supporting documentation
- vii. Benchmarking data released by the ESFA

'Value for money' principles of comparison, challenge, consultation and competition is applied in securing resources and services by seeking the following standards:

- Honesty
- Fairness

- Impartiality
- Integrity
- Openness
- Transparency
- Accountability
- Objectivity
- Accuracy
- Reliability

## **11 RISK MANAGEMENT**

The college acknowledges the risks inherent in its operations and is committed to managing those risks that pose a significant threat to the achievement of its objectives and financial health. Detailed guidance is included within the college's Risk Management Policy.

The Corporation 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.

The Vice Principal Resources is responsible to the Corporation for developing the Risk Management Policy and procedures and for making regular reports to the Audit Committee and Corporation on current risks and mitigating actions.

The Risk Management Policy and supporting procedures must include:

- i. the adoption of common terminology in relation to the definition of risk and risk management
- ii. 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
- iii. a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes
- iv. regular, detailed review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas
- v. development of risk management and contingency plans for all significant risks, detailing who will be responsible and accountable for managing the risk in question
- vi. regular reporting to the governing body of all risks included in the college's high-level risk register
- vii. an annual review of the implementation of risk management arrangements

Heads of department must ensure that any agreements negotiated within their department with external bodies cover any legal liabilities to which the college may be exposed. The Vice Principal Resources' advice should be sought to ensure that this is the case.

The Vice Principal Resources is responsible to the Corporation for developing a Risk Management strategy and procedures in order to identify and assess the risks facing the College and to take steps to mitigate these risks as appropriate.

The Vice Principal Resources is responsible for making regular reports to the Audit Committee and Corporation on current risks and mitigating actions. Based on the strategic plan, the Audit Committee undertakes a comprehensive review of the risks to which the College is exposed.

## **12 INCOME, BANKING AND TREASURY**

### **12.1 General**

Responsibility for approving levels of tuition fee charges and concessions and charges for other services and lettings is approved by the Corporation in the summer term each year.

The Vice Principal Resources is responsible for:

- i. Ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled;
- ii. Ensuring the prompt collection, security and banking of all income received;
- iii. Ensuring that all grants notified by the ESFA and other bodies are received and appropriately recorded in the College's accounts;
- iv. Ensuring that all claims for funds are made by the due date.

### **12.2 Borrowing and Overdrafts**

Borrowing must firstly be approved by the Finance Committee and then the Corporation. The college cannot enter into new borrowing without the consent of the DfE, and approval should be sought prior to seeking any form of arrangement.

### **12.3 Banking**

The Vice Principal Resources is responsible for recommending appointment of the College's Bank which must be approved by the Corporation. The appointment is not for a specified period and consideration shall be given to review the performance of the service on a regular basis.

Bank accounts may only be established on the authority of the Principal and all bank accounts must be in the name of the College. No member of staff may operate a bank account on the College's behalf except those set up via the finance department in line with the Financial Regulations.

Banking mandates must be established to support all bank accounts in line with the limits set out in **SCHEDULE B**. Banking mandates and all subsequent changes must be authorised by the College Principal.

The Finance Manager is responsible to the Vice Principal Resources for ensuring that all bank accounts are subject to regular reconciliation. The Finance Manager will maintain up to date records of college staff authorised to sign College cheques and

BACs payments together with information on the limits of their authority as determined by the Financial Regulations.

#### 12.4 Payments

On a day-to-day basis, the Finance Manager is responsible for liaising with the College's bank in relation to electronic and manual payments. Payments may only be processed to cover expenditure that has been authorised in line with the limits set out in the Financial Regulations.

#### 12.5 Cash Receipts

On a day-to-day basis the Finance Manager is responsible for ensuring the safe collection, storage and banking of all cash received. The Vice Principal Resources is responsible for maintaining a Cash Handling Policy covering all aspects of cash receipts. All staff handling cash must adhere to the Cash Handling Policy.

All monies received from whatever source must be passed directly to the Finance Department. Receipts must be issued and must only be on pre-printed College stationery.

No deductions may be made from any cash collected on behalf of the College prior to paying into the Finance Department. Personal or other cheques must not be cashed out of money received on behalf of the College.

#### 12.6 Card Receipts

Payments received by credit or debit card will be processed in accordance with the card carrier and bank's procedures.

Payment instalments made by credit or debit card for tuition fees or College organised trips costs cannot exceed four payments for a single transaction, including the deposit.

All financial data is processed and handled in accordance with the Data Protection Act 2018.

#### 12.7 Collection of Debts

Invoices, refunds and credit notes should be issued only in accordance with the Fees and Charging Policy, and all debts will be recovered in accordance with this Policy.

The Finance Manager will undertake monthly reviews of outstanding debts. Debts recommended to be written off should be referred to the Vice Principal Resources for discussion with the Senior leadership Team.

The College Principal is authorised to write off any individual debt due to the College up to **LIMIT 4 of SCHEDULE A**, once the procedures within the College Debt Policy have been adhered to. Anything above that amount to be authorised by the Corporation.

## 12.8 Investments

The Vice Principal Resources is responsible for investing surplus funds in accordance with the College's Treasury Management Policy. Surplus College funds will be invested in a Business Deposit Notice account as approved by the Finance Committee.

The performance of any investments will be reported annually to the Finance Working Group.

## 13 EXPENDITURE

### 13.1 Purchasing and procurement

Budget Holders have the executive responsibility to maintain these standards in their own areas of operation and all staff should endeavour to to achieve value for money (see section 8) in all activities and to bring to the College management's attention any opportunity for improvement.

The College is a member of the Crescent Purchasing Consortium (CPC) whose main purpose is to produce [EU-tendered purchasing frameworks](#). Budget holders are encouraged to use nominated suppliers as where applicable.

The Financial Regulations cover the procurement of all goods and services ordered by departments within the college and must be applied in every instance.

Up to 1<sup>st</sup> October 2024, the college is subject to the provision of the Public Contracts Regulations 2015: <https://www.gov.uk/guidance/public-sector-procurement-policy#public-contracts-regulations-2015>

From 1<sup>st</sup> October 2024, the college is subject to the Procurement Act 2023: <https://www.legislation.gov.uk/ukpga/2023/54/schedule/1/enacted>

Note that educational services are subject to light-touch regime limits – currently £663,000 – within the Procurement Act 2023.

All enquiries concerning the procurement section of the Financial Regulations should be referred to the Vice Principal Resources.

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 the principles of Value For Money (see Section 8).

### 13.2 Purchase orders must be placed via the College's purchase order process with the exception of:

- Items of a recurring nature, e.g. rates, gas, electricity, water, telephones
- Items purchased using a College procurement card
- Items purchased from petty cash – see **LIMIT 5 of SCHEDULE A**

- Items purchased through an existing contract or agreement eg legal fees. Where this is the case the form of contract or agreement must be approved by the Senior Leadership Team.

Staff must not:

- enter into any commitment of more than 12 months' duration
- agree to any instalments of other payment plans, including leasing arrangements,
- purchase goods or services for private use

The Budget Holder is responsible for managing their budgets and therefore must ensure there are sufficient funds in the relevant budget to not result in an overspend. Once a purchase order has been raised by the Budget Holder it must be submitted to the Finance Department who will check the coding of the order and will submit the order to the supplier.

Payment to suppliers will be made through the Finance Department in accordance with payment schedules as agreed with suppliers and to limit the College incurring financial penalties.

### 13.2 Authorised Approvers

Budget holders are responsible for expenditure within their departments. Purchasing authority may be delegated to named individuals (Authorised Approvers) within the department.

A register of Budget Holders and Authorised Approvers with their purchasing limit is maintained by the Finance Department. Any changes to the authorities to sign are not valid until they are notified to the Finance Department.

Budget Holders and Authorised Approvers are responsible for nominating an alternative approver to cover in the event of absence.

### 13.3 Purchasing Cards

Purchasing Cards can be used for goods and services that require card payments only, for low value transactions and for booking training and travel arrangements. The principal card and a record of all cardholders will be kept by the Finance Department. All card holders and limits must be approved by the Senior Leadership Team. All cardholders must comply with the Purchasing Card Policy.

### 13.4 Procurement Limits

It is the responsibility of the Budget Holder / Authorised Approver to follow the relevant procedures for where estimated expenditure in a financial year is:

Below £5,000 (including VAT)

Quotations / tenders are not required, unless relating to a new item of expenditure or with a new supplier outside of the CPC framework. In this case a minimum of 2 quotes will be required.

Above £5,000 (including VAT)

A minimum of 2 quotations must be obtained

Above £50,000 (including VAT)

A minimum of 3 quotations must be obtained

Above £100,000 (including VAT)

Competitive tendering must be applied and Tender Board approval required. The Tender Board will include the Principal, the Vice Principal Resources, the Chair and one other member of the Corporation. OJEU guidelines must be followed where appropriate **LIMIT 6 of SCHEDULE A**.

If, for whatever reason, it is not possible to follow the procedures as above, then the matter should be reported to the Principal who will decide what action to take. Prior approval of the Principal must be obtained in order to dispense with the requirement to obtain quotations.

### 13.5 Financial Approval Limits

All expenditure must be approved by the relevant Budget Holder / Authorised Approver in line with the sections above. However, where large one-off items are being purchased or where leases or contracts with a large annual value are being agreed, even where these fall within the allocated budget, an additional level of authority is required as follows:

Expenditure above £25,000 (including VAT) must be approved by the Principal;

Planned capital expenditure on IT and non-IT equipment should be approved annually by the Corporation as part of the budget approval process and does not require any further authorisation even where individual orders exceed the £25,000 and £100,000 limits set out above. However, the procurement guidelines above must be followed.

### 13.6 Contracts

Any contract likely to cost in excess of **LIMIT 7 of SCHEDULE A** will be subject to full competitive tendering which will be undertaken by the Vice Principal Resources in accordance with the College's Financial Regulations.

All contracts with the College should be signed by the Vice Principal Resources or the Principal. All contracts above **LIMIT 8 of SCHEDULE A** should be signed by the Principal.

### 13.7 Stock and equipment

Budget Holders are responsible for establishing adequate arrangements for the safekeeping and control of stock and equipment within their departments. Budget Holders may delegate the day to day management of stock to an Authorised Approver, however Budget Holders remain accountable for stock management in

their area, including carrying out regular inspections and checks, maintaining an inventory and ensuring that any losses or disposals are referred to the Vice Principal Resources.

### 13.8 Land and Buildings

The Principal is responsible for:

- ensuring that a full record to be kept of all the College's property holdings;
- ensuring the safe custody of title deeds;
- undertaking a regular review of property holdings with the objective of rationalising and disposing of those which are no longer needed;
- ensuring that all land and property transactions comply with the Procurement Limits and Financial Approval Limits;
- maintaining a long-term Property Strategy;
- ensuring that all property proposals are presented to the Corporation are properly appraised and costed, including full risk analysis;
- ensuring that independent professional advice and input is obtained where necessary expertise is not available within the College;
- ensuring that all contracts are in accordance with the College's Financial Regulations;
- ensuring that the Corporation receive full and timely information relating to all property transactions.

### 13.9 Novel, contentious or repercussive transactions

The college should only enter into transactions which are related to carrying out its role as a college providing education. Novel, contentious or repercussive transactions of which the college has no experience or is outside of its range of normal business should be referred to the Corporation and then to the DfE. If in any doubt, consent should be sought.

## 14 EMPLOYMENT EXPENDITURE

### 14.1 General

All college staff will be appointed to the salary scales approved by the governing body and in accordance with appropriate conditions of service. All letters of appointment must be issued by the HR department.

The payment of all salaries, wages, and other emoluments should be authorised by the Principal and Vice Principal Resources. In the absence of the Vice Principal Resources authorisation from the Deputy Principal is acceptable. In the absence of the Principal, authorisation from Deputy Principal is allowable, provided that the Principal has given prior authorisation.

Salaries and other benefits for senior management will be determined by the Senior Postholder and Search and Governance Committee set up by the Corporation. Senior Postholder pay increases must be in line with the guidance set out in the College Financial Handbook.

## 14.2 Salaries and Wages

The Payroll Manager is responsible for making payments of salaries to all staff and for keeping all records relating to payroll including those of a statutory nature in accordance with the provisions of the Data Protection Act 2018.

The Payroll Manager is responsible for all submissions relating to PAYE, pensions and other statutory data.

The Human Resources Department is responsible for keeping all HR records including contractual details and in accordance with the provisions of the Data Protection Act 2018.

## 14.3 Pensions

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

## 14.4 Compensation payments to staff

Compensation payments to staff members (e.g. payment for damage or injury) below £50,000 can be made with the approval of the Principal, Vice Principal Resources and Corporation. Values above this must be approved by the DfE. All payments should be checked to confirm they are within the limits set out within the College Financial Handbook.

## 14.5 Ex gratia, extra-contractual, extra-statutory, or regulatory payments

The college has no authority to make these non-contractual payments as above (but see special severance payments).

## 14.6 Special severance payments

Special severance packages for senior staff must be approved by the Corporation, and those for other staff by the Vice Principal Resources and Principal. Limits for these payments are set out in the College Financial Handbook and may require prior DfE approval.

## 14.7 Travel and Subsistence

All claims for payment of travelling and subsistence allowances must be submitted on the appropriate form by the members of staff and certified by the appropriate Line Manager / Budget Holder. Claims by the Principal will be submitted for checking and approval by the Chair of the Corporation. Members of the Corporation are also allowed travelling expenses, subsistence and conference fees where appropriate. Claims should be made via the Clerk who will maintain a record of all expenses for Audit and other purposes. All claims will be authorised by the Clerk to the Corporation or Chair of the Corporation and in the case of the Chair, by the Vice Chair of the Corporation.

All claims must be signed personally by the member of staff making the claim. Reimbursement for items not subject to standard rates laid down by the College will only be payable if they are:

- backed by original vouchers/receipts;
- incurred wholly in the course of duty; and
- considered reasonable by the appropriate Line Manager or Budget Holder authorising the payment.

Claims must be made as soon as possible after the event has taken place and any claim relating to a period more than 6 months prior to the date of submission for reimbursement will be payable only at the discretion of the Vice Principal Resources. Claims relating to the closed financial year must be submitted within one month of the close (i.e. by 31st August).

Advance payments may be made to staff to cover expenses to be incurred when travelling on College business. In the case of foreign travel, the advance may be made in foreign currency. Such advances will only be made up to **LIMIT 9 of SCHEDULE A** in value. In the case of a College organised trip for students an advance for expenses can be made from the respective trip account up to **LIMIT 10 of SCHEDULE A** with approval of the Head of School. Advances above this level must be authorised by the Principal.

All foreign travel made by College staff and Corporation members with the exception of organised trips for College students must be reported and that approval be sought in advance by the Principal. Under such circumstances, the travel will be reported formally to the Corporation.

## **15 ASSETS**

### **15.1 Land and Buildings**

Matters relating to land and buildings are covered in section 7.9 above.

### **15.2 Fixed Assets and Inventory**

The Vice Principal Resources will maintain the record of all assets held by the College in the asset register. College Managers are responsible for ensuring that the College's record of assets and inventory accurately reflects the assets utilised within their Department or areas of responsibility. This responsibility includes an annual physical check by the Vice Principal Resources, certification by auditors and acting to write-off and dispose of obsolete equipment.

College Managers are responsible for ensuring that reasonable steps are taken to safeguard all property located in their area from theft, loss and improper use.

Inventories must include items donated or held on trust and leased assets.

### **15.3 Disposal of Equipment**

Assets surplus to the College's requirements can be disposed of. Disposal will normally be by the best method to serve the interests of the College eg sealed bids, use of e-Bay.

Disposal of an asset that has not been fully written off requires an 'Asset Disposal' form to be completed by the Budget Holder and authorisation of the Vice Principal Resources.

The disposal of an item with a net book value above **LIMIT 11 of SCHEDULE A** requires the approval of the Corporation.

#### 15.4 Leasing Arrangements

Members of staff may not enter into any leasing or long term maintenance agreement on behalf of the College without the prior authorisation of the Vice Principal Resources. The principles of regularity, propriety, and VFM and the Financial Approval Limits as defined in section 7.4 will apply to all leasing contracts.

### 16 OTHER

#### 16.1 Insurance

The Vice Principal Resources is responsible for assessing the need and then arranging for all necessary insurance cover in the light of the assessment.

The cover carried by the College will be reviewed by the Vice Principal Resources annually and as operations require in order to assess its adequacy or otherwise.

The Vice Principal Resources should be notified immediately by College Managers of any potential new risks, additional property or equipment which may require additional insurance cover or any event which may give rise to an insurance claim.

The Vice Principal Resources will keep a record of all insurances affected by the College and the property and risks covered.

#### 16.3 Security

The Vice Principal Resources is responsible for overall security matters within the College.

Each Budget Holder / Department Manager is responsible for implementing security procedures for all buildings, furniture, equipment, stores etc under their direct control. The Site Manager will issue guidelines outlining how best these responsibilities can be discharged.

A central inventory will be kept by the Finance Department to cover all items of equipment and plant in excess of **LIMIT 12 of SCHEDULE A**. Security markings should be used where appropriate.

Keys to safes or other similar containers are to be carried by the person responsible at all times. The loss of such keys must be reported to the Vice Principal Resources.

#### 16.4 Data Protection and Freedom of Information

The Vice Principal Resources is responsible for maintenance of a Data Protection Policy and Freedom of Information Publication Scheme in accordance with the Data Protection Act 2018 and the Freedom of Information Act 2000. The Vice Principal Resources will act as the College's nominated Data Protection Officer and is responsible for the registration of all appropriate information systems in accordance with the requirements of the Data Protection Act 2018.

Access to computer systems is restricted to authorised persons only via the use of passwords and in accordance with the Information Security Policy

#### 16.5 Students' Union

The Principal is responsible for ensuring that a Students' Union is established and supported as a constituent part of the College in accordance with its policy.

The Principal is responsible for:

- ensuring that the Students' Union Constitution is regularly reviewed and approved by the Corporation;
- has an annual budget that is adequate for its purposes;
- receives appropriate support to run its affairs;
- ensuring that the Students' Union fulfils its obligations regarding the running of its financial affairs, including producing audited annual accounts.

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

#### 16.6 Security and Sealing of Documents

The Vice Principal Resources is responsible for the safekeeping of official and legal documents relating to the College and maintenance of a register of such documents.

The Seal of the Corporation will need to be used for a number of legal documents which as a matter of law have to be executed as Deeds, including the following:

- i. Transfers of land;
- ii. Transfers of other property;
- iii. Leases and Underleases;
- iv. Surrenders of Leases;
- v. Powers of Attorney;
- vi. Mortgages or security documents.

In addition, there may be other legal documents or contracts where, on the advice of the College's solicitors, the document should be executed under seal so that the above list is not exhaustive.

All property deeds must be signed by the Chair of the Corporation or some other member of the Corporation authorised by the Corporation to act on its behalf.

## 16.7 Detailed Financial and Other Procedures

Effective control of College operations is dependent upon conformity with detailed procedures which ensure compliance with the Financial Regulations. These operational procedures will be developed and progressively refined over time in response to the outcome of the audit and other processes. The Vice Principal Resources is responsible for ensuring implementation of these procedures.

All members of staff will be required to follow the procedures and instructions as given and any failure to do so which causes the College to incur a loss, could result in disciplinary procedures against the member of staff concerned. Departmental Managers are responsible for maintaining manuals of their operational procedures.

The Schedules to this document form part of the Regulations which require the approval of the Corporation.

## 16.8 Variation of Financial Regulations

The Vice Principal Resources is responsible for maintaining and periodically revising the Financial Regulations. Revisions to the Financial Regulations will be reviewed by the Finance Committee for approval by the Corporation.

These Regulations, as a whole, are approved by the Corporation and cannot be altered without the express approval of that body.

### Related Documents/Policies

- ESFA Conditions of Funding <https://www.gov.uk/government/publications/esfa-funding-agreements-and-contracts-2024-to-2025>
- Post-16 Audit Code of Practice <https://www.gov.uk/government/publications/post-16-audit-code-of-practice>
- [College Financial Handbook March 2024](https://www.gov.uk/guidance/college-financial-handbook) <https://www.gov.uk/guidance/college-financial-handbook> [Managing Public Money](https://www.gov.uk/government/publications/managing-public-money) <https://www.gov.uk/government/publications/managing-public-money>
- Anti Fraud and Irregularity Policy
- Anti Bribery Policy
- Cash Handling Policy
- Fees and Charging Policy
- IT Security Policy
- Treasury Management Policy
- Disciplinary Policy

## SCHEDULE A - SCHEDULE OF FINANCIAL LIMITS

Ref	Section	Limit	Description
1	F.Reg. 2.5	£500	Lower limit for asset capitalisation
2	F.Reg 2.5		Depreciation Life of Capital Assets: Buildings 25-50 years. IT Equipment 4 years Equipment 5 years Furniture 10 years Vehicles – Five years
3	F.Reg 4.3	£1,000	Limit above which the College Principal must authorise revenue consequences of "free" capital gifts.
4	F.Reg. 6.7	£10,000	Limit to College Principal's write-off authority.
5	F.Reg. 7.1	£50	Upper limit of petty cash.
6	F.Reg 7.4	£189,330  Supplies and Services  £4,733,252 Building Works	European Community limit for purchase, lease or hire of goods and services above which Euro Tendering Regulations apply.
7	F.Reg. 7.6	£100,000	Lower limit for which tendering arrangements must be made for the supply of goods.
8	F.Reg 7.6	£100,000	Limit above which Principal must sign contract with College.
9	F.Reg. 8.4	£100	Limit of advance for UK travel.

		£500	Limit of advance for overseas travel (excluding College trips).
10	F.Reg. 8.4	£1,000	Limit of Advance for College trip expenses above which the College Principal must authorise.
11	F.Reg. 9.3	£20,000	Asset Value limit above which the Corporation must authorise disposal.
12	F.Reg. 10.3	£500	Lower limit for inclusion on the College's inventory

## **SCHEDULE B SCHEDULE OF AUTHORISED OFFICERS AND BUDGET MANAGERS**

### **AUTHORISED OFFICERS:**

Responsibilities and general procedures for preparation and monitoring of the college's annual budget are outlined below:

### **RESPONSIBILITIES OF THE STAFF COSTS BM (BM1)**

1. The Principal is appointed as BM1.
2. The responsibilities of BM1 are to prepare and control, in close liaison with other members of the Senior Leadership Team the budget for the College Staffing Costs. The budget must provide sufficient funds for an appropriate and qualified staff structure to be maintained. BM1 will authorise expenditure from this category by signature on the requisition form. Any variations from the agreed budget will need to be authorised by the Principal. However functional control of budget expenditure is delegated to the Vice Principal Resources who must inform the BM of variations to planned budget patterns.
3. Staff (permanent or temporary) may only be employed where a specific budget provision has been made to meet the cost.
4. Staff development and training fall within the scope of this budget area.
5. BM1 must liaise closely with other budget managers in the determination of the proposed budget.
6. The Deputy Principal will act as contingency manager for BM1

### **RESPONSIBILITIES OF THE CURRICULUM COSTS BM (BM2)**

1. The Deputy Principal Curriculum is appointed as BM2.

The responsibilities of BM2 are to prepare a budget and to monitor expenditure in relation to Curriculum Costs. Authorisation of expenditure will be delegated to Heads of School who must regularly monitor their balances. Functional control of budget expenditure is managed by the Vice Principal Resources who must inform the BM of variations to planned budget patterns.

2. The scope of the Budget will include the coordination of bids and production of the final departmental allocations for capitation. This is finalised in conjunction with other members of the Senior Leadership Team.

BM2 must liaise closely with other budget managers in the determination of the proposed budget.

3. The Vice Principal Resources will act as contingency manager for BM2

### **RESPONSIBILITIES OF PREMISES COSTS BM (BM3)**

1. The Vice Principal Resources is appointed as BM3.
2. The responsibilities of BM3 are to prepare a budget and control expenditure in relation to all premises expenditure. Authorisation of expenditure from this category will be by signature on the requisition form. This function may be delegated as required. The Vice Principal Resources will inform the BM of variations to planned budget patterns.
3. BM3, together with the Principal is responsible for the preparation of bids to funding bodies for all Capital Grants.
4. BM3 must liaise closely with other budget managers in the determination of the proposed budget.
5. The Vice Principal will act as contingency manager for BM3.

### **RESPONSIBILITIES OF THE SUPPLIES AND SERVICES BM (BM4)**

1. The Vice Principal Resources is appointed as BM4 with delegated authority from BM2 to exercise functional control over their respective budget expenditures.
2. The responsibilities of BM4 are to prepare a budget and control expenditure in relation to all supplies and services. This function may be delegated as required. The Vice Principal Resources will inform the BM of variations to planned budget patterns.
3. BM4 must liaise closely with other budget managers in the determination of the proposed budget.
4. The Vice Principal will act as contingency manager for BM4.

### **RESPONSIBILITIES OF THE ENERGY BM (BM5)**

1. The Vice Principal Resources is appointed as BM5.
2. The responsibilities of BM5 are to prepare a budget and control expenditure in relation to all energy expenditure. This function may be delegated as required. The Vice Principal Resources will inform the BM of variations to planned budget patterns.

3. BM5 must liaise closely with other budget managers in the determination of the proposed budget.
4. The Vice Principal will act as contingency manager for BM5.

**RESPONSIBILITIES OF THE ADMINISTRATION BM (BM6)**

1. The Vice Principal Resources is appointed as BM6
2. The responsibilities of BM6 are to prepare a budget and control expenditure in relation to all general administration expenditure. This function may be delegated as required. The Vice Principal Resources will inform the BM of variations to planned budget patterns.
3. BM6 must liaise closely with other budget managers in the determination of the proposed budget.
4. The Vice Principal will act as contingency manager for BM6.

**BANK ACCOUNTS:**

**College Accounts – Electronic payments:**

Approvals and Limits: all electronic payments require 2 approvers; authorised approvers are listed below;

Principal	No Limit with Vice Principals/Deputy Principal
Vice Principals	No Limit with Principal/Deputy Principal/Finance Manager
Deputy Principal	No Limit with Principal/Vice Principals/Finance Manager
Finance Manager	No Limit with the Principal/Vice Principals/Deputy Principal
Finance Officers	Maximum £25,000 with Finance Manager/£1,000 with each other

Standing order and direct debit mandates must be authorised by two of the above signatories, in accordance with the above paragraph.