



## **POLICY**

<b>Document Title</b>	<b>FINANCIAL REGULATIONS</b>
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<b>Lead responsibility</b>	<b>Executive Director of Finance and Resources</b>

## DEFINITIONS

The Articles of Government	-	The College Articles
The Skills Funding Agency	-	The SFA
The Education Funding Agency	-	The EFA
	-	The College or the Corporation
The Corporation Board	-	The Corporation Board
The Financial Memorandum between the Skills Funding Agency and the Corporation Board	-	The Financial Memorandum

## **COLLEGE FINANCIAL REGULATIONS**

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## 1. INTRODUCTION

- 1.1 The requirements for these financial regulations is derived from the Further and Higher Education Act 1992, the College Articles and the Financial Memorandum.
- 1.2 The aim of these financial regulations is to make certain that the responsibilities of the Corporation Board can be met through the establishment of a system of internal and management controls designed to ensure that the College conducts its activities in an efficient and well ordered manner.
- 1.3 These financial regulations together with the College's financial procedures are binding on all staff in respect of any financial transaction in which they are involved as an employee of the College, or any College subsidiary.
- 1.4 All formal references to action by the Principal will normally be enacted by The Director of Finance & Resources.
- 1.5 Actions prescribed for a Budget Holder are within the existing framework of line management.
- 1.6 Failure to comply with any of these financial regulations may result in disciplinary action being taken against the relevant member of staff. It is the responsibility of each Budget Holder to make the provisions of these financial regulations known to any of their staff who may be affected by them.
- 1.7 It is the responsibility of all staff, upon reasonable request from the Director of Finance & Resources, or any of the finance staff, in pursuit of their ordinary duties, to demonstrate their compliance with these financial regulations. All staff are required to co-operate with internal and external audit.
- 1.8 Nothing in these financial regulations shall supersede any provision contained in the Financial Memorandum or the College Articles.
- 1.9 The Principal shall have the power to amend and/or update these financial regulations. All amendments made shall be notified, in writing, to the Corporation Board at their first meeting following amendment. It is the responsibility of the Director of Finance & Resources to ensure that these amendments are updated on the master copy of this document and to ensure that relevant members of staff are notified of these changes.
- 1.10 The Director of Finance & Resources may agree to waive financial regulations in respect of transactions up to £1,000 in value.
- 1.11 In exceptional circumstances the Principal may agree to waive financial regulations in respect of transactions exceeding £1,000 but no more than £50,000. A report on the circumstances and reasons for such action must be submitted to the next meeting of the Corporation Board. Decisions to waive financial regulations in excess of £50,000 can only be made by an emergency committee of the Board.

## **KEY AUTHORISATIONS/CONTROLS**

- |                                   |   |                                                                                                                                                  |
|-----------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Principal                         | - | responsible for all financial regulations and procedures in College                                                                              |
|                                   | - | authority to waive financial regulations in respect of transactions exceeding £1,000 but no more than £50,000                                    |
|                                   | - | power to amend the financial regulations                                                                                                         |
| Director of Finance and Resources | - | responsible for maintaining and updating the financial regulatory and procedural framework                                                       |
|                                   | - | authority to waive financial regulations in respect of transactions not exceeding £1,000                                                         |
| Finance staff                     | - | responsible for day-to-day compliance with financial regulations, and their interpretation in the absence of the Director of Finance & Resources |
| Budget Holders                    | - | responsible for making the financial regulations known to any of their staff who may be affected by them                                         |
| All staff                         | - | responsible for compliance with financial regulations                                                                                            |

## **KEY DOCUMENTATION**

The Further and Higher Education Act 1992  
The College Articles  
The Financial Memorandum  
The College Financial Regulations

## **KEY PERSONNEL**

Principal  
Director of Finance & Resources  
Finance staff  
Budget Holders

## **2. RESPONSIBILITY OF THE FURTHER EDUCATION CORPORATION**

- 2.1 Under the terms of the Further and Higher Education Act 1992 it is the duty of the Corporation:
  - 2.1.1 To keep proper accounts and proper accounting records.
  - 2.1.2 To prepare a statement of accounts in respect of each financial year (Schedule 7 Section 189 (i)).
  - 2.1.3 To keep the financial records of the College in the format prescribed by the SFA/EFA and in accordance with the accounting policies approved by the Corporation Board (these, in turn, shall accord with generally accepted accounting principals).

### **KEY DOCUMENTATION**

The Further and Higher Education Act 1992  
The College's Financial Records

### **KEY PERSONNEL**

Corporation Board  
Director of Finance & Resources  
Finance Staff

### **3. RESPONSIBILITY OF THE CORPORATION BOARD**

- 3.1 Under the terms of the Financial Memorandum the following responsibilities are placed on the Corporation Board:
  - 3.1.1 Ensuring that funds from the SFA/EFA are used only in accordance with the Further and Higher Education Act 1992, the Financial Memorandum and any other conditions which the SFA/EFA may prescribe.
  - 3.1.2 Ensuring that the financial, planning and other management controls, including controls against fraud and theft, applied by the Corporation are appropriate and sufficient to safeguard public funds.
  - 3.1.3 Securing efficient, economical and effective management of all of the Corporation's resources and expenditure including funds other than those provided by the SFA/EFA, capital assets and equipment, and human resources, so that the investment of public funds in the institution by the SFA/EFA is not put at risk.
  - 3.1.4 Ensuring that financial considerations are taken into account at all stages in reaching decisions and in their action.
  - 3.1.5 Ensuring that the Corporation has a sound system of internal control, the appointment of an Audit Committee and the provision of an internal audit service.
- 3.2 Under the College Articles the following responsibilities are placed on the Corporation Board:
  - 3.2.1 The effective and efficient use of the Corporation's resources, the solvency of the Corporation and the safeguarding of the Corporation's assets (Article 3.1 (b)).
  - 3.2.2 Approving annual estimates of income and expenditure (Article 3.1(c)).
- 3.3 The Corporation Board has resolved that all material decisions relating to the College's finances and all responsibilities laid upon the Corporation Board by the SFA/EFA or the College Articles shall be made by the Corporation Board.
- 3.4 In order to ensure that, where necessary, speedy decisions can be taken, the Chair of the Corporation has the delegated authority to take decisions on financial matters. He/she shall present these decisions at the next meeting of the Corporation Board for ratification.

## **KEY AUTHORISATIONS/CONTROLS**

- |                                    |   |                                                                                                                      |
|------------------------------------|---|----------------------------------------------------------------------------------------------------------------------|
| The Corporation Board              | - | responsible for all material decisions relating to the College's finances                                            |
|                                    | - | responsible for compliance with the Financial Memorandum and any other SFA/EFA requirements and the College Articles |
| The Chair of the Corporation Board | - | delegated authority to take decisions on financial matters                                                           |

## **KEY DOCUMENTATION**

The Further and Higher Education Act 1992  
The Financial Memorandum  
The College Articles  
The Minutes of the Corporation Board and its subcommittees

## **KEY PERSONNEL**

Chair of the Corporation Board  
Chair of the Audit Committee  
Clerk to the Corporation

#### **4. RESPONSIBILITIES OF OFFICERS**

- 4.1 Under the College Articles the following responsibilities are placed upon the Principal:
  - 4.1.1 The organisation, direction and management of the College and leadership of the staff (Article 3.2b).
  - 4.1.2 Preparation of annual estimates of income and expenditure for consideration by the Corporation Board, and for the management of budget and resources within the estimates approved by the Corporation Board (Article 3.2f).
- 4.2 The Financial Memorandum requires the Principal to take personal responsibility, which may not be delegated for:
  - 4.2.1 Ensuring 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.
  - 4.2.2 Giving effect to the Board's policies for securing the efficient economical and effective management of all the College's income, assets and expenditure.
  - 4.2.3 The Principal shall also:
    - Be the final arbiter in the interpretation of these financial regulations.
- 4.3 The Director of Finance & Resources shall be responsible for the administration of the financial affairs of the College, in particular by:
  - 4.3.1 Providing financial advice to the Corporation Board.
  - 4.3.2 Supervising the implementation of the financial policies approved by the Corporation Board.
  - 4.3.3 Designing and implementing financial control systems, issuing financial procedures and other detailed instructions to supplement these financial regulations.
  - 4.3.4 Preparing and maintaining such accounts, estimates, records and reports as required by the Corporation Board.
  - 4.3.5 Providing advice to Budget Holders on the operation of controls on income, expenditure, budget and cost controls.
- 4.4 The Principal may designate certain members of staff as Budget Holders, and devolve to them the management of a part of the College budget. Budget Holders shall be responsible for:
  - 4.4.1 managing, controlling and monitoring income and expenditure within the budgets allocated to them.
  - 4.4.2 ensuring that the action they take is in accordance with these financial regulations.

- 4.5 The Director of Finance & Resources is responsible for day-to-day liaison with the internal and external auditors appointed by the Corporation Board. She/he will make all minutes, books, documents and other information available to them.
- 4.6 However, the Principal is responsible for submitting all audit reports which contain an action plan for improvement to the Audit Committee for their consideration.
- 4.7 Unless an alternative requirement is specified elsewhere in these financial regulations, all financial records should be retained for a period of at least six years following the end of the financial year in which they originated.
- 4.8 In order to ensure that College business is carried out effectively and public money is safe-guarded all staff are expected to behave in a reasonable and prudent manner. Staff are required to preserve commercial confidentiality about College matters of which they become aware through their employment.

## **KEY AUTHORISATIONS/CONTROLS**

- |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principal                         | <ul style="list-style-type: none"> <li>- responsible for organisation, direction and management of the College and leadership of the staff</li> <li>- responsible for preparation of annual estimates of income and expenditure</li> <li>- responsible for management of budget and resources within the annual estimates of income expenditure</li> <li>- responsible for the implementation of the financial operation of the College</li> <li>- final arbiter in the interpretation of these financial regulations</li> <li>- submission of audit reports to the Audit Committee</li> </ul> |
| Director of Finance and Resources | <ul style="list-style-type: none"> <li>- responsible for the administration of the financial affairs of the College</li> <li>- responsible for day to day liaison with internal and external auditors</li> </ul>                                                                                                                                                                                                                                                                                                                                                                               |
| Budget Holders                    | <ul style="list-style-type: none"> <li>- responsible for managing controlling and monitoring the income and expenditure within their budgets</li> <li>- responsible for acting within these financial regulations</li> </ul>                                                                                                                                                                                                                                                                                                                                                                   |

## **KEY DOCUMENTATION**

The College Articles  
 The College Financial Regulations  
 The Annual Budget approved by the Corporation Board  
 The College's Financial Records

## The College Financial Procedures

### **KEY PERSONNEL**

Principal  
Director of Finance & Resources  
Finance Staff  
Budget Holders  
Clerk to the Corporation

### **BUDGET HOLDERS**

Principal  
Director of Finance & Resources  
Director of Curriculum and Quality  
Director of Business Development  
Curriculum Managers  
Learning Support and Improvement Manager  
LRC Team Leader  
Admissions Manager  
Finance Manager  
Facilities Manager  
Personnel Manager  
Assistant Facilities Manager  
Data Services Manager  
Computer Services Manager

### **AUDITORS**

Internal  
External

## **5. COMMITTEES OF THE CORPORATION BOARD**

- 5.1 The Corporation Board shall establish an Audit Committee; its terms of reference, membership and constitution shall be determined by the Corporation Board in accordance with the Financial Memorandum and the SFA/EFA Audit Code of Practice.
- 5.2 The Audit Committee shall provide the Corporation Board with an independent opinion on the effectiveness of the internal and management controls and the management systems, including those for securing the economy, efficiency and effectiveness of the College's activities.
- 5.3 This structure shall enable the Corporation Board, as a whole, to:
  - 5.3.1 Approve the annual estimates of income and expenditure.
  - 5.3.2 Keep the accounts of income and expenditure under review in accordance with the Further and Higher Education Act 1992.
  - 5.3.3 Keep under review the safeguarding and development of the corporate estate and all other capital and other assets of the College.
  - 5.3.4 Form an opinion on the effective use of the Corporation's resources and the solvency of the College.
  - 5.3.5 Determine appropriate financial regulations and controls relating to contracts.

### **KEY AUTHORISATIONS/CONTROLS**

The Audit Committee - responsibility for providing the Corporation Board with an independent opinion on the effectiveness of the internal and management controls and the management systems, including those for securing the economy efficiency and effectiveness of the College's activities.

### **KEY DOCUMENTATION**

The Terms of Reference of the Audit Committee  
The Financial Memorandum  
The SFA/EFA Audit Code of Practice

### **KEY PERSONNEL**

Chair of the Audit Committee

## **6. BUDGETS AND BUDGETARY CONTROL**

- 6.1 The Principal shall be responsible for submitting an annual budget estimate of income and expenditure to the Corporation Board for its approval prior to the start of each financial year.
- 6.2 Budget Holders shall be responsible for managing, controlling and monitoring the income and expenditure within the budgets allocated to them.
- 6.3 In relation to their activities the Principal, Senior Management Team and all Budget Holders shall inform the Director of Finance & Resources of anything which may affect the financial affairs of the College. This includes any legislation, notification, consent, approval or circular received from a Government department or other external source.
- 6.4 Before any new or provisional commitment is entered into which is likely to materially affect the finances of the College, the Principal, the Senior Management Team and the Budget Holders shall consult the Director of Finance & Resources.
- 6.5 Any report to any committee of the College which has significant financial implications shall detail those implications and shall be given in advance to the Director of Finance & Resources to comment upon. Her/his comments shall be included in the report.
- 6.6 No commitment or contract shall be entered into without:
  - 6.6.1 budget provision being available.
  - 6.6.2 the authorisation of the responsible Budget Holder.
- 6.7 Budget Holders and authorised signatories shall inform themselves of the implications of their authorisation.
- 6.8 Payment authorisation forms, requisitions, claim forms, cheques or other documentation may not be signed.
- 6.9 The Principal, Director of Finance & Resources and the Finance Manager shall have the right of access to information and explanations from Budget Holders on all budget and commitment matters at all times.
- 6.10 The 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 institution's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the governing body. The Director of Finance & Resources will establish protocols for the inclusion of capital projects in the capital programme for approval by the governing body. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. They are summarised at Appendix A
- 6.11 The progress of any project in the capital programme shall be the subject of a report to the Corporation. These reports shall detail the cost and progress of the project, the anticipated completion date and expected final cost and explanation of significant variations from the approved programme. The prior

approval of the Director of Finance & Resources must be obtained before variations are agreed (Section 7.10). The Facilities Manager will normally be responsible for major capital projects.

- 6.12 The Principal may authorise variations of individual budgets all within the limit of the overall budget. Significant variations shall be notified, in writing, to the Corporation Board at their first meeting following the variation. Budget changes will normally take one of the following two forms:

Virement – where funding is moved within the overall approved budget figure

Provision for additional expenditure/income – where as a result of developments or reassessments it is necessary to vary the overall budget sum thereby impacting on the forecast surplus for the year.

#### **Virement**

- Individual budget holders may vire, in-year, funds between budget headings up to a maximum value of £5,000. However where this involves variations to a staffing budget it will require the approval of the Director of Finance & Resources
- Budget virements up to £50,000 must be approved by the Director of Finance & Resources
- Budget virements above £50,000 be authorised by the Principal

#### **Budget changes to reflect increases or decreases in estimated income or expenditure forecasts.**

- Director of Finance & Resources may authorise variations up to £50,000.
  - The Senior Management Team (SMT) may authorise variations up to £150,000.
  - The Corporation Board must approve variations in excess of £150,000.
  - In exceptional circumstances, for revisions in excess of £150,000, where it is not possible to obtain the authorisation as set out above then the Principal and the Chair of the Board may act on behalf of the SMT and the Board.
- 6.13 The Corporation Board shall be responsible for deciding the deployment of any surpluses, on the advice of the Principal.

## KEY AUTHORISATIONS/CONTROLS

- |                                   |   |                                                                                                                                                                                                  |
|-----------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Corporation Board                 | - | approval of annual budget estimates of income and expenditure                                                                                                                                    |
| Principal                         | - | responsible for deployment of budget surpluses                                                                                                                                                   |
|                                   | - | responsible for preparation of annual budget estimate of income and expenditure                                                                                                                  |
|                                   | - | responsible for informing Director of Finance & Resources of anything which may affect the financial affairs of the College                                                                      |
|                                   | - | responsible for consulting the Director of Finance & Resources before entering into any new or provisional commitment which may materially affect the finances of the College                    |
|                                   | - | responsible for ensuring the Director of Finance & Resources has the opportunity to comment in advance on any reports which have significant financial implications                              |
| Director of Finance and Resources | - | responsible for submitting capital programme reports to the Board                                                                                                                                |
|                                   | - | approval of variations of capital programmes                                                                                                                                                     |
| Senior Management Team            | - | responsible for informing the Director of Finance & Resources of anything which may affect the financial affairs of the College                                                                  |
|                                   | - | responsible for consulting the Director of Finance & Resources before entering into any new or provisional commitment which may materially affect the finances of the College                    |
|                                   | - | responsible for ensuring the Director of Finance & Resources has the opportunity to comment in advance on any reports which have significant financial implications                              |
| Budget Holders                    | - | responsible for managing, controlling and monitoring the income and expenditure within their budgets                                                                                             |
|                                   | - | responsible for informing Director of Finance & Resources or Finance Manager of anything which may affect the financial affairs of the College                                                   |
|                                   | - | responsible for consulting the Director of Finance & Resources or Finance Manager before entering into any new or provisional commitment which may materially affect the finances of the College |

- responsible for ensuring the Director of Finance & Resources or Finance Manager has the opportunity to comment in advance on any reports which have significant financial implications
- responsible for correctly authorising financial transactions within their budgets commitments and contracts

## **KEY DOCUMENTATION**

Annual Budget approved by the Corporation Board

Monthly Management Accounts

Any documentation that materially changes the College's financial position

Capital Programme Progress Reports

## **KEY PERSONNEL**

Corporation Board

Principal

Director of Finance & Resources

Finance Manager

Senior Management Team

Budget Holders

Facilities Manager

## 7. PURCHASING, CONTRACTS AND SUB-CONTRACTING

- 7.1 Goods and services purchased by the College shall be obtained expeditiously and economically. All contracts for purchasing goods, works, or services including contracts made on behalf of the College by consultants, architects or engineers or any similar body undertaking supervision of a contract entered into the College shall be subject to these financial regulations.
- 7.2 Budget Holders shall ensure that purchases are made at the most favourable rate by obtaining estimates in advance of the purchase; the acceptance of any estimate other than the lowest is not permitted except in exceptional circumstances and approved by the Director of Finance & Resources. The reasons for accepting other than the lowest estimate should be documented and retained. A written record of the estimates received should be maintained and, if required made available for inspection by the Director of Finance & Resources.
- 7.3 The Director of Finance & Resources is responsible for ensuring the institution complies with its legal obligations concerning 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. A breach of EU procurement regulations is actionable by a supplier or potential supplier.
- 7.4 Estimates shall be obtained as:
- |                                       |                                                                                                                                                                                                                |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.4.1<br>< £500 (excl VAT)            | The budget holder shall obtain at least one written quotation directly from a supplier(s).                                                                                                                     |
| 7.4.2<br>£500 up to £4,999 (excl VAT) | The budget holder shall obtain at least two separate written quotations directly from suppliers.                                                                                                               |
| 7.4.3<br>£5000 up to £35,000          | The budget holder shall obtain at least three separate written quotations directly from suppliers.                                                                                                             |
| 7.4.4<br>Over £35,000                 | Three written sealed competitive tenders are required and a written contract agreed. Contracts should not be sub-divided in order to circumvent these regulations if the work is all part of the same project. |
- 7.5 Capital works defined as schemes involving building work or equipment purchases exceeding £50,000 in value shall be authorised by the corporation board; the responsibility for entering into any contracts relating to capital works, shall be delegated to the Principal. The Facilities Manager shall normally have responsibility for implementing all capital projects. The Director of Finance & Resources shall be informed of all decisions relating to capital projects that have a financial implication.
- 7.6 Items of equipment that have a value exceeding £1,000 (subject to specific accounting criteria being met) are classed as capital purchases and will require authorisation by the Director of Finance & Resources.

- 7.7 Budget Holders are not authorised to commit expenditure for the refurbishment, redecoration or purchase of furniture, equipment or other capital goods for their offices, workshops or classrooms without the authorisation of the Principal or the Director of Finance & Resources.
- 7.7 Each order given to a supplier for goods or services shall be in writing using a purchase order request via the finance portal, this must be authorised by the Budget Holder. Verbal orders should only be given in the cases of emergency or where terms have formally been agreed in advance. Any verbal order must be immediately followed up by written confirmation using the finance portal.
- 7.8 All purchase orders and contracts which exceed £5,000 (excluding VAT) in value shall be authorised by the Director of Finance & Resources on behalf of the College and any which exceed £25,000 (excluding VAT) shall be authorised by the Principal.
- 7.9 When purchasing either goods or services which are obtainable from only one supplier and for which no reasonable satisfactory alternative is available the requirement for competitive tenders or quotations may be dispensed with. However prior permission must be sought from the Director of Finance & Resources for such purchases, under this regulation, with a value greater than £500. The budget holder shall maintain a record of these circumstances for two years for inspection by internal and external audit.
- 7.10 Where the Principal agrees a list shall be kept of firms to be invited to tender for contracts for the supply of specific services. The methods for compilation of the list, the final list and the operation of the list shall be approved by the Principal.
- 7.11 All variations under a contract shall be in the form of written instructions to the contractor. The likely cost effect of every variation shall be considered prior to the issue of the instruction. Variations and claims under the contract shall be authorised by the Director of Finance & Resources where the value exceeds £1,000 or where the total contingency sum will be exceeded.
- 7.12 Where the nature of the purchase requires the preparation of an operational requirement, the assessment of the proposals/quotations/tenders shall include an appropriate technical assessment in accordance with the specification and contract documents
- 7.13 Any employee when dealing with any college contractual matter shall conduct themselves in a manner that ensures that the independence and integrity of the College procedures are maintained.
- 7.14 Tendering procedures:-
- 7.14.1 At least two members of the Senior Management Team should be involved in the tender process, including the final selection. Only in exceptional circumstances, with the prior approval of the Principal may this be reduced to one member of the Senior Management Team. The Budget Holder should prepare a tender evaluation schedule and this must be approved and authorised by the relevant Senior Manager. All building contracts with a value of £50,000 and over shall be under seal.

- 7.14.2 At least three tenderers must be invited, unless prior permission from the Director of Finance & Resources for fewer tenders has been agreed (section 7.8) invitations to tender must be accompanied by comprehensive and clearly written specifications. They must contain a date and time beyond which tenders will not be accepted.
- 7.14.3 A detailed written record of all replies from those invited to tender, including the price offered, shall be maintained by the Budget Holder for two years. The reasons for accepting the tender chosen should be recorded. The Tender Selection must be approved in writing by the Principal for projects up to a value of £100,000. For contracts above £100,000 approval of the Board.
- 7.15 The Principal shall approve the waiving contractor rights to recover damages in full or part against a contractor. The waiving of such a claim by the Principal will only be considered if the person supervising the contract submits details of the mitigating circumstances requiring the waiver to the Principal.
- 7.16 All consultants appointed by the College shall be required to operate within the financial regulations and financial procedures. The Budget Holder responsible for securing the consultant's services shall supply the consultant with the relevant financial regulations and financial procedures. Where payments to a contractor supplier are to be made on the basis of an interim or final certificate issued by a consultant, then cost control for the project is the responsibility of the consultant who must provide regular financial and appropriate progress reports.
- 7.17 In instances where suppliers submit their own form of contract for signature, the contract must be referred to the Principal. The Principal shall ensure that the terms and conditions are acceptable and the contract will then be signed by the Principal. Building contracts over £50,000 must be sealed.
- 7.18 College purchase orders may not be used for private purchases except with the authority of the Director of Finance & Resources and then only to make use of legitimate discounts on items useful to professional responsibilities.
- 7.19 Declarations of interest or possible imperfect judgement for personal reasons that may affect the awarding of contracts should be declared to the Director of Finance & Resources. Sections 11.5 and 11.6 clarify the circumstances in which gifts may be received from suppliers.
- 7.20 On some occasions it may be appropriate and cost effective to purchase items by means of the College credit card. A request should be made by way of a note on the purchase order request on the finance portal where this is felt to be appropriate explaining the reasons. Actual purchases using the credit card will be undertaken by a member of the Finance department on the instruction of the Finance Manager. Use of the credit card does not remove the need to obtain competitive estimates and ensure value for money
- 7.21 Where purchasing cards have been introduced the operation and control of the institution's purchasing cards is the responsibility of the Director of Finance & Resources. 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 & Resources 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.

## 7.22 Subcontracting

7.22.1 All subcontracting agreements shall be in accordance with the procedures and policies agreed from time to time by the Board, and in accordance with appropriate guidance issued by the SFA / EFA.

7.22.2 The SFA issue guidance on appropriate arrangements for College's to make prior to entering into subcontracting arrangements. This guidance is contained within the broader funding guidance documents issued by the SFA in relation to relevant streams of provision. The guidance might change from time to time, and the most recent guidance should be considered prior to the entering into of a contract.

7.22.3 The College has a model subcontracting agreement that was drafted in consultation with its legal advisers. A copy of the model contract is retained by the Director of Business Development. All subcontracts entered into must be in the form of the model contract.

7.22.4 All subcontracting agreements must be signed by either the Principal, Director of Finance & Resources or Director of Business Development. Prior to approval the contract must be checked by the Finance Manager or Data Services Manager to ensure appropriate funding rates are being applied and that sufficient budgetary provision exists.

### KEY AUTHORISATIONS/CONTROLS

Corporation Board	-	authorisation of capital budgets
	-	authorisation of capital works
Principal	-	delegated responsibility for entering into contracts relating to capital works
	-	authorisation of purchase orders and contracts exceeding £25,000
	-	authorisation of specific services list
	-	authorisation of significant variations and claims under a contract
	-	authorisation of performance guarantees or the waiving bonds requirement
	-	approval of tender selection
Director of	-	authorisation of waiving of right to recover damages

- |                        |   |                                                                                                                                        |
|------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------|
| Finance & Resources    | - | authorisation of purchase orders and contracts exceeding £5,000 and not exceeding £25,000                                              |
|                        | - | authorisation of sole supplier purchase orders greater than £500                                                                       |
|                        | - | authorisation of less than three tenders                                                                                               |
|                        | - | authorisation of use of purchase order forms for private purposes                                                                      |
| Senior Management Team | - | authorisation of tender schedule                                                                                                       |
| Budget Holders         | - | responsible for obtaining goods and services expeditiously and economically and at the most favourable rates                           |
|                        | - | responsible for obtaining estimates/quotes in advance or initiating the tendering procedures and maintaining a written record of these |
|                        | - | authorisation of purchase order forms                                                                                                  |
|                        | - | responsible for preparing tender schedule                                                                                              |
|                        | - | responsible for ensuring that consultants comply with financial regulations and procedures.                                            |
| Facilities Manager     | - | responsibility for implementing all capital projects                                                                                   |

## **KEY DOCUMENTATION**

Estimates/quotations/competitive tenders received  
Purchase Orders  
Tender Schedule

## **KEY PERSONNEL**

Corporation Board  
Principal  
Director of Finance & Resources  
Finance Manager  
Finance staff  
Senior Management Team  
Budget Holders  
Facilities Manager

## **8. RECEIPT OF GOODS AND SERVICES**

- 8.1 Budget Holders are responsible for ensuring the safe and satisfactory receipt of goods and services which they have ordered.
- 8.2 Wherever possible goods should be delivered to the central services section at the main site. If for practical reasons this is not possible then attempts should be made to ensure that receipt of goods in terms of quantities is acknowledged by someone other than the ordering officer.
- 8.3 Deliveries of goods and services which are not in accordance with a purchase order should be refused. Suppliers must be required to notify the Budget Holder in writing if they cannot supply what has been ordered and any subsequent change in the order shall be confirmed in writing by the Budget Holder.
- 8.4 The receipt of goods or services, where applicable, shall be checked by the Budget Holder, or her/his nominee, against any supplier, delivery or advice note presented. If no delivery/advice note is presented then the Budget Holder or her/his nominee shall check the receipt of goods or services, where applicable, against a standard College goods received note. Any difference should be raised by the Budget Holder or his/her nominee with the supplier immediately, except when it is clearly established that the delivery only meets part of the order.
- 8.5 All employees are required to take reasonable care to prevent shortweight and volume deliveries or in another way deliveries not in accordance with the specifications in the contract and order. Employees are also required to make arrangements for appropriate testing of goods received.
- 8.6 Delivery/advice notes and college goods received notes will be agreed by finance staff to the relevant purchase order and subsequent invoices and Budget Holders shall be required to provide explanations of any differences together with confirmation that they have raised these immediately with the supplier.

### **KEY AUTHORISATION/CONTROLS**

- |               |   |                                                                                                            |
|---------------|---|------------------------------------------------------------------------------------------------------------|
| Budget Holder | - | responsible for safe and satisfactory receipt of goods                                                     |
|               | - | authorising of changes in orders                                                                           |
|               | - | responsible for checking of delivery/advice notes to goods received                                        |
|               | - | responsible for checking of College goods received notes and goods received                                |
|               | - | responsible for raising differences between delivery/advice notes and actual goods received with suppliers |

Finance Staff - responsible for agreement of delivery/advice notes or College goods received notes against purchase orders and invoices

### **KEY DOCUMENTATION**

Delivery/advice Notes  
College Goods Received Notes  
Purchase Orders  
Invoices

### **KEY PERSONNEL**

Budget Holders  
Finance Staff  
Central Services Staff

## **9. PAYMENT**

- 9.1 All payments made on behalf of the College shall be made by the Director of Finance & Resources.
- 9.2 All invoices and expense vouchers for payment shall be sent to the Finance Department. Finance staff will agree the invoices and expense vouchers to purchase orders and delivery/advice notes or College goods received notes and Budget Holders shall be required to provide explanations of any differences.
- 9.3 Following the agreement details in 9.2, invoices and expense vouchers shall be returned to Budget Holders where there is a discrepancy. Each Budget Holder shall authorise invoices and other expenditure vouchers for payment. By authorising invoices and other expenditure vouchers for payment Budget Holders certify that they have satisfactorily carried out all the processes and checks detailed in the College Financial Procedures or have assured themselves that all the processes and checks have been carried out on their behalf. Where a copy account or statement has to be used as an expenditure voucher then it should have the additional certification that the additional checks have been satisfactorily carried out which are detailed in the College Financial Procedures. The voucher should be clearly marked 'Copy account for payment' or 'Statement for payment' and presented for payment with the additional certification. Following authorisation invoices and expenditure vouchers must be returned to the Finance department.
- 9.4 In exceptional circumstances where a supplier requires payment prior to dispatch of the goods or cash on delivery, then a note should be added on the purchase order request on the finance portal clearly marked 'PAYMENT WITH ORDER FORM' or "CASH ON DELIVERY". The purchase order must be authorised by the Budget Holder in the normal way.
- 9.5 When a Budget Holder considers that payment should be made by a specific date a report indicating the reason should be attached to the invoice when it is returned to the Finance Department. However, there is no obligation on the Director of Finance & Resources to make payment on this date.
- 9.6 The Director of Finance & Resources may rely on the Budget Holder's certification as sufficient authority to make payment, but she/he may request additional information and explanations before payment is made. After consulting the Budget Holder, the Director of Finance & Resources may withhold any payment pending further enquiry.
- 9.7 Any invoice which is under dispute by a Budget Holder must be reported and returned to finance staff.
- 9.8 Where payments are made on behalf of other bodies or as part of a separately funded project staff must fully comply with the conditions specified by the funding body. This will include the maintenance of adequate records, evidence and the timely submission of claims for reimbursement.
- 9.9 All payments should be made using a College cheque or suitably authorised electronic transfer. Cheques will be kept in a secure place. All cheques presented for signature shall be accompanied by back-up documentation, which will be signed by finance staff as evidence of payment and cancellation

of the invoice/expenditure voucher. Wherever possible cheques should not be signed by the person who has authorised the payment.

10.0 All cheques require two signatures from those authorised on the list below.

Principal  
Director of Finance & Resources  
Director of Curriculum and Quality  
Director of Business Development  
Finance Manager

Where a cheque is for more than £10,000 it must include a signature from either the Principal or the Director of Finance & Resources

### **KEY AUTHORISATIONS/CONTROLS**

- |                                 |   |                                                                                                                                     |
|---------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------|
| Director of Finance & Resources | - | responsible for making all payments                                                                                                 |
| Budget Holders                  | - | authorisation of invoices and expense vouchers for payment                                                                          |
| Finance Staff                   | - | responsible for agreeing invoices and expense vouchers to purchase orders and delivery/advice notes or College goods received notes |
|                                 | - | responsible for presenting cheques for signature with back-up documentation                                                         |
|                                 | - | responsible for signing the invoice as evidence of payment and cancellation                                                         |

### **KEY DOCUMENTATION**

Invoice or expenditure voucher stamped with College checking sticker  
Purchase Order Request via finance portal  
Purchase Orders  
Delivery/advice Notes  
College Goods Received Notes  
Specific Payment Date Report  
Cheques

### **KEY PERSONNEL**

Principal  
Director of Finance & Resources  
Curriculum Manager  
Budget Holders  
Finance Staff

## **10. SALARIES, WAGES AND PENSIONS**

- 10.1 All staff appointments shall be authorised by the Principal. All appointments shall be made in accordance with approved policies, budgets, grades and rates of pay. The Principal shall be appointed by a sub-committee of the Board.
- 10.2 The Director of Finance & Resources shall make arrangements to pay all salaries, wages, superannuation, benefits, compensation and other emoluments, properly payable by the College.
- 10.3 All Budget Holders shall notify the Director of Finance & Resources as soon as possible in the form prescribed in the College Financial Procedures of all matters in relation to appointments, absence, superannuation etc. for all employees in their area.
- 10.4 Each Budget Holder shall be responsible for authorising and ensuring the correct completion of timesheets and overtime claims for employees under her/his control.
- 10.5 Budget Holders shall manage such systems as are necessary to ensure in advance that all salaries/wages claims will be within their budgets and that only time worked is certified for payment. On an exceptional basis where the Budget Holders needs to delegate the certification of pay documents she/he shall inform the Director of Finance & Resources and shall supply specimen signatures.
- 10.6 Payments of salaries and wages shall be made through the Payroll Bureau except at the discretion of the Director of Finance & Resources.
- 10.7 All staff, should have their salaries, wages and similar payments subject to deductions for PAYE and NI unless satisfactory evidence of self-employed status is demonstrated to the Director of Finance & Resources.
- 10.8 All salary claims must be made on the appropriate claim forms. Payment will be withheld unless all sections are completed.
- 10.9 Sickness must be notified to the Personnel Manager in accordance with the College policy. Leave of absence/holiday must be on the authorised form and notified to the Personnel Manager.
- 10.10 All variations of pay and conditions, including non-incremental salary increases, shall be authorised by the Principal or in the case of the Principal by the Board.
- 10.11 The College will comply with the contractual arrangement for payroll services entered into with the Payroll Bureau. The Director of Finance & Resources will authorise all payments for that service. Day-to-day liaison over matters affecting pay must be dealt with through the Personnel Manager.
- 10.12 Statutory returns relating to payroll prepared on the College's behalf by the Payroll Bureau shall be authorised by the Director of Finance & Resources.

## **KEY AUTHORISATIONS/CONTROLS**

- |                                    |   |                                                                                                                 |
|------------------------------------|---|-----------------------------------------------------------------------------------------------------------------|
| Principal                          | - | authorisation of appointment of staff                                                                           |
|                                    | - | authorisation of variations of pay and conditions                                                               |
| Director of<br>Finance & Resources | - | responsible for payment of all salaries/wages and salary/wages related items                                    |
|                                    | - | authorisation of self employed status                                                                           |
|                                    | - | authorisation of payroll services payments                                                                      |
|                                    | - | authorisation of statutory returns                                                                              |
| Budget Holders                     | - | responsible for notifying the Director of Finance & Resources as to any circumstances affecting their employees |
|                                    | - | responsible for ensuring in advance that all salaries/wages claims will be within their budgets                 |
|                                    | - | authorisation of timesheets and overtime claims                                                                 |

## **KEY DOCUMENTATION**

College Contract of Employment  
Employee Information Form  
Sickness Reporting Form  
Leave of Absence Form  
Timesheets  
Overtime Claim Forms  
Self employed status evidence  
Statutory Returns

## **KEY PERSONNEL**

Principal  
Director of Finance & Resources  
Budget Holders  
Senior Management Team  
Personnel Manager

## **11. TRAVEL, SUBSISTENCE AND OTHER MINOR EXPENDITURE**

- 11.1 Budget Holders shall, be responsible for authorising in advance all travel to be undertaken by staff in relation to the activities within their area. This includes ensuring such that travel is within budgetary allocations and is in accordance with the College's travel and subsistence regulations and allowance scales.
- 11.2 No expenses will be paid for use of any employee's own car if she/he has not arranged insurance for business use; documentary evidence of this must be provided in advance and subsequently on an annual basis to the Finance Department.
- 11.3 All travel and subsistence claims should normally be made monthly. Claims must be signed by the appropriate budget holder or in the case of a budget holder their line manager. Claims by the Principal must be certified by the Chair or Vice Chair of the Corporation.
- 11.4 Governors claims for reimbursement of travel and subsistence expenses incurred in the course of their official duties must be certified by the Chair of the Corporation. In the case of the Chair, the claim should be certified by the Principal.
- 11.5 Any travel arrangements involving overseas visits – other than those which form part of an agreed curriculum course or training programme – must be agreed in advance by the Principal, or if involving the Principal, the Chair of the Corporation. Such applications should include details of the purpose and outcomes of the visit together with a detailed estimate of all the costs involved.
- 11.6 All gifts over £50 should be politely refused or returned to the supplier. All gifts in cash should be refused. Minor gifts of an advertising nature are excluded from this (calendar, diary and items of a value less than £50).
- 11.7 Hospitality to a value in excess of £50 offered by suppliers may only be accepted with the approval of the Principal. The receipt of such hospitality shall be recorded in a book maintained by the Principal's Personal Assistant for this purpose.
- 11.8 Staff entertaining guests from outside bodies at lunchtime should normally use the institution's catering facilities. Where this is not the case, permission must be obtained in advance from the Principal / Chief Executive and reasons must be stated when submitting a claim for reimbursement. Levels of hospitality should be modest, and appropriate for the occasion.
- 11.9 Employees may not use the College post, telephone, photocopying or other facilities for personal use except in the following circumstances.
  - 11.9.1 The College telephone may be used for brief, local calls.
  - 11.9.2 Photocopying for one-off occasional personal copies. All other use must be by prior permission and be paid for at the normal commercial rate.

## **KEY AUTHORISATION**

Principal	-	authorisation of acceptance of gifts
Budget Holders	-	authorisation in advance of all travel
	-	authorisation of travel and subsistence claims
All Staff for	-	responsibility for insuring their own cars if using these business purposes
Finance Staff	-	responsible for confirming insurance of vehicles

## **KEY DOCUMENTATION**

Travel and Subsistence Regulations  
Travel and Subsistence Claim Form

## **KEY PERSONNEL**

Principal  
Director of Finance & Resources  
Budget Holders  
Clerk to the Corporation

## 12. BANKING

- 12.1 The Corporation Board shall appoint the bankers for the College following a tendering procedure for a period not exceeding seven years.
- 12.2 The Director of Finance & Resources shall be responsible for the operation of all matters in relation to the bank accounts of the College.
- 12.3 The Corporation Board shall authorise in advance the opening of any new bank accounts in the name of the College. No one other than the Director of Finance & Resources shall open any bank account in the name of the College or issue instructions to the bankers for the College.
- 12.4 No cheques or financial instruments made payable to the College shall be endorsed and paid into another account.
- 12.5 The Corporation Board shall authorise the signatories to the bank accounts of the College and set the individual limits up to which they can sign cheques. The current signatories are listed in Section 9.
- 12.6 A regular bank reconciliation shall be carried out by finance staff not involved in making payments and recording or banking income. If staffing levels preclude this an independent review by the Finance Manager must be carried out and evidenced. The result of the bank reconciliation shall be reported to the Director of Finance & Resources.
- 12.7 The Director of Finance & Resources shall be responsible for the investment of all funds and surplus working capital balances of the College. Investments will be restricted to those where the return of capital is not jeopardised.
- 12.8 The Director of Finance & Resources will prepare regular cashflow reports.
- 12.9 Short-term borrowing for temporary revenue purposes shall be authorised by the Principal in compliance with the limits determined by the Financial Memorandum.
- 12.10 Borrowing for periods in excess of twelve months shall be authorised by the Corporation Board in compliance with the limits determined by the Financial Memorandum.

### KEY AUTHORISATIONS/CONTROLS

Corporation Board	-	responsible for the appointment of bankers
	-	authorisation of opening of new bank accounts
	-	authorisation of signatories and their signing limits
	-	authorisation of long-term borrowing
Principal	-	authorisation of short-term borrowing

- Director of Finance & Resources - responsible for the operation of the bank accounts
- responsible for opening any new bank accounts in the name of the College
- responsible for investment of all funds and surplus working capital balances
- Finance Staff - responsible for regular bank reconciliations

### **KEY DOCUMENTATION**

Tender documentation  
Bank Reconciliation  
The Financial Memorandum

### **KEY PERSONNEL**

Corporation Board  
Principal  
Director of Finance & Resources  
Finance Manager  
Finance Staff

### **13. SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUCTIONS**

- 13.1 All cash, cheques or other negotiable instruments whether as part of income for disbursement or any other purpose shall be kept secure and safeguarded.
- 13.2 Accountability for cash, cheques or other negotiable instruments collected as income or held for disbursement of for any other purpose shall be maintained at an individual level. Every transfer of official money from one employee to another shall be recorded and evidenced by the signatures of both parties
- 13.3 Maximum limits for all monies held overnight for whatever purpose shall be agreed with the Director of Finance & Resources and shall not be exceeded without express permission.
- 13.4 The Director of Finance & Resources has responsibility for ensuring adequate procedures for the security for cash boxes, safes, coin boxes of coin operated machines and the transport of cash.
- 13.5 The Director of Finance & Resources has responsibility for the procedures for collecting and opening mail and the recording of any cash, cheques, postal orders or other negotiable instruments received in the post.
- 13.6 Petty cash floats may from time to time be issued to staff, who are responsible for their security and for maintaining appropriate records relating to their use
- 13.7 A regular petty cash reconciliation shall be carried out by finance staff. This is subject to independent review by the Finance Manager which must be evidenced. The result of the petty cash reconciliation shall be reported to the Director of Finance & Resources.
- 13.8. No income shall be paid into a petty cash account, and petty cash expenditure and floats are limited to £100. Larger expenditure and floats may be permitted only in exceptional circumstances with prior permission of the Director of Finance & Resources. A float may be recalled at any time, and explanations relating to its use asked for by Finance Staff.
- 13.9 Petty cash expenditure and floats shall be accounted for on petty cash claim forms.

## **KEY AUTHORISATIONS/CONTROLS**

- Director of Finance & Resources
  - responsible for overnight money limits
  - responsible for adequate procedures for security of cash
  - authorisation of petty cash floats exceeding £100
- Finance Staff
  - responsible for regular petty cash reconciliations

## **KEY DOCUMENTATION**

Petty Cash Claim Form

## **KEY PERSONNEL**

Director of Finance & Resources  
Budget Holders  
Finance Manager  
Finance Staff

## 14. INCOME

- 14.1 All records including invoices, receipts or vouchers used to record and receipt income shall be on appropriate College stationery. No other receipts shall be given for any monies received on behalf of the College or by any employee in pursuit of their College responsibilities.
- 14.2 All monies received shall be kept secure and safeguarded and paid over intact daily to the Cash Office of the Finance Department. Where alternative arrangements are considered appropriate the approval of the Director of Finance & Resources is required.
- 14.3 Cashing of personal cheques is strictly forbidden, as is giving change when payment is made by cheque, credit card or debit card.
- 14.4 Refunds of overpayment must be made through the payments system and not out of income.
- 14.5 Each Budget Holder shall review all fees and charges on a regular basis, and in any case at least annually, so as to maximise the benefit of income generated to the College. The Principal shall submit to the Board each year for its approval the fees policies including the charges and the regulations implied therein after taking into account the College academic policies and needs.
- 14.6 The circumstances in which fees may be waived or paid in instalments will form part of the fees policy. The Director of Finance & Resources is responsible for implementing the fees policy.
- 14.7 All Budget Holders shall be responsible for ensuring that income is maximised by the efficient application of procedures to identify, invoice, collect and bank income. The accurate completion of College registers is part of the audit trail relating to College income, and, as such, must be completed, and returned for checking when required.
- 14.8 All Budget Holders shall inform the Finance Manager promptly of any work done, goods supplied and services rendered which lead to income being due to the College by means of an invoice requisition form. Also, Budget Holders shall inform the Director of Finance & Resources of all grants due and agreements relevant to the generation of income so that the income may be collected.
- 14.9 The Director of Finance & Resources shall maintain arrangements for the prompt issuing of invoices and all the collection of debts.
- 14.10 Credit notes may not be issued except with prior approval of the Director of Finance & Resources.
- 14.11 All contracts for goods to be sold and services to be provided by the College shall be in the form prescribed by the Principal, who has responsibility for corporate contract management. Prior approval must be obtained from the Director of Finance & Resources before any contract is entered into; and the necessary information on income and expenditure supplied to allow such an approval to be given.

- 14.12 Active measures shall be taken to recover all debts due to the College and all staff shall assist the Director of Finance & Resources in the provision of information for the recovery of debts.
- 14.13 Following a second reminder recovery will be passed to a debt enforcement agency appointed by the College. At this point any fees or administrative costs associated with the recovery will be added to the debt.
- 14.14 Where a debt due to the College is still outstanding after debt recovery procedures have been fully exhausted or where the size of the debt and the anticipated costs make further pursuing of the debt not worthwhile, the debt may be written off by Corporation Board. The Principal may authorise the write-off of a debt under £10,000 and the Director of Finance & Resources debts of under £5,000.
- 14.15. The Director of Finance & Resources is responsible for ensuring all grants received are applied for the purposes for which they were given. Budget-holders with authority to spend the grant must give all necessary documentation in the required format to enable such assurance to be evidenced, and make available for audit when required.

#### **KEY AUTHORISATIONS/CONTROLS**

Corporation Board	-	authorisation to write off bad debts
Principal	-	responsible for determination of the fees policy
	-	responsibility for corporate contract management
	-	authorisation to write off bad debts under £10,000
Director of Finance & Resources	-	authorisation to write off bad debts under £5,000
	-	authorisation of alternative arrangements for paying over cash to the cash office
	-	responsibility for implementing the fees policy
	-	responsible for prompt invoicing and collection of debts
	-	authorisation of credit notes
	-	authorisation of entering into a contract
Budget Holders	-	responsible for reviewing all fees and charges on a regular basis
	-	responsible for identifying, invoicing, collecting and banking income

- Budget Holders (cont) - responsible for raising invoice requisition forms
- responsible for informing the Director of Finance & Resources of all grants due etc
- authorisation of invoices for services provided
- Academic Staff - responsible for the completion of registers

### **KEY DOCUMENTATION**

Invoice/Credit Note Requisition Forms  
College Invoices and Credit Notes  
College Registers  
College Receipts

### **KEY PERSONNEL**

Corporation Board  
Principal  
Director of Finance & Resources  
Finance Manager  
Finance Staff  
Budget Holders  
Academic Staff

## 15. SECURITY OF ASSETS

- 15.1 Every Budget Holder shall be responsible for arranging for the proper security of all buildings, stocks, stores, furniture, equipment, money or other College assets under his/her control. The Facilities Manager is also responsible for arranging proper security for property owned by third parties lent, hired or leased to the College.
- 15.2 The Director of Finance & Resources shall be responsible for maintaining a fixed asset register in a form dictated by the Corporation Board.
- 15.3 The Director of Finance & Resources may at any time require inventory details for accounting reasons.
  - 15.3.1 The Facilities Manager shall ensure that a sample physical check is made of fixed assets and other registered assets at least annually.
  - 15.3.2 Fixed assets shall be disposed of only with the written agreement of the Board, subject where appropriate to SFA/EFA consent.
- 15.4 Records of these checks shall be available to the Finance Staff on request.
- 15.5 Budget Holders shall ensure that all theft, and losses of fixed assets are promptly reported to the Director of Finance & Resources on the appropriate form.
- 15.6 Budget Holders shall ensure that proper control is exercised over keys for safes, cash boxes, security cupboards, and security stores.
- 15.7 The Principal shall be responsible for the custody of all legal deeds, agreements and contract documents.
- 15.8 The Facilities Manager shall maintain a register of all properties owned and leased by the College in a manner agreed with the Principal.
- 15.9 The Facilities Manager shall be responsible for the control and security of the College's vehicles.
- 15.10 A Budget Holder, where appropriate and in accordance with College policies, may make arrangements to loan equipment to employees or students for use on or off College property. Details of the minimum records and controls to be operated for such loans shall be detailed in Financial Procedures.
- 15.11 College property shall not be removed from the College other than as part of the College business or used other than for College purposes.
- 15.12 The Facilities Manager shall from time to time issue regulations, which are binding on all College employees covering security of the buildings, grounds and perimeter security of the College. These regulations do not obviate the need for Budget Holders to make and maintain security arrangements covering the property, equipment, vehicles etc. for which they are responsible.

15.14 The depreciation policies of the College are as follows:

Expenditure of £1,000 or over on single items, or groups of items considered as a single project, and with an expected life of over one year, will be treated as fixed assets. Fixed assets will be depreciated as follows:

Land	not depreciated
Buildings	50 years or expected useful economic life, if this is different from 50 years
Equipment	4 years or expected useful economic life, if this is different from 4 years

All depreciation to be calculated on a straight line basis. This depreciation policy will be reviewed by the Corporation at least every five years.

15.15 The Computer Services Manager has responsibility for the security of the College network and data files. The Data Services Co-ordinator has responsibility to ensure compliance with the Data Protection Act. All employees are responsible for ensuring that the computer policy is adhered to. Employees may not hack, use unauthorised software or games, or add any application to the network without the authorisation of the Computer Services Manager.

15.16 Theft, or suspected theft, must be reported immediately, as detailed in section 19, by the member of staff who discovers it. Failure to do so may result in disciplinary action not only against the thief but also against the person who failed to report it.

#### **KEY AUTHORISATIONS/CONTROLS**

Principal	- responsible for custody of all legal deeds agreements and contracts
Director of Finance & Resources	- responsible for the maintenance of the fixed asset register - authorisation of disposal of fixed assets
Facilities Manager	- responsible for physical security of the estate - responsible for the maintenance of the property register - responsible for the control and security of the College's vehicles
Computer Services Manager	- responsible for security and integrity of the network - authorisation of addition of applications to the network - responsible for the security of assets under his/her control

- Budget Holders
- responsible for physical checks of fixed assets and other registered assets
  - responsible for reporting theft/loss of fixed assets to the Director of Finance & Resources
  - responsible for ensuring proper control over keys

### **KEY DOCUMENTATION**

Property register  
Fixed asset register  
Theft/loss of fixed asset form  
Fixed asset disposal form

### **KEY PERSONNEL**

Principal  
Director of Finance & Resources  
Computer Services Manager  
Data Services Co-ordinator  
Budget Holders  
Facilities Manager

## **16. INSURANCE AND RISK MANAGEMENT**

- 16.1 The Director of Finance & Resources is responsible for developing a risk management strategy in order to identify the key risks facing the institution and the action required, including insurance cover, required to cover these risks. This will be reviewed by the Senior Management Team annually as part of the strategic planning process and subsequently approved by The Board of the Corporation.
- 16.2 Wherever possible risk management will be embedded within the normal monitoring and review processes of the College and at the most appropriate level. For example, standards of teaching and learning, learner achievements and health and safety will be considered at subject level within curriculum teams.
- 16.3 The Director of Finance & Resources shall be responsible for securing appropriate insurance cover for the College and ensuring the retention of documentary evidence in accordance with legal requirements.
- 16.4 Insurance cover shall be secured by competitive tender for a period not exceeding five years.
- 16.5 Insurance is an option in the managing of not speculative risks to which the assets, personnel (employees and students), and incomes are exposed. It shall be the responsibility of Budget Holders to regularly review the risks and maintain such systems, procedures and controls as are necessary to reduce the risks. The review shall consider the cost and benefit of risk reduction or its prevention and the potential of losses. The Budget Holders shall inform the Director of Finance & Resources of any risks, including new risks, which are not currently covered by insurance and which should be transferred to insurance, this includes property and vehicles.
- 16.6 It shall be the responsibility of all employees to co-operate with the College's management to reduce, as far as practical, risks to the College' assets, personnel (employees and students) and incomes. Budget Holders are responsible for Health and Safety in their areas.
- 16.7 Budget Holders shall promptly notify the Director of Finance & Resources in writing of any loss, liability or damage or any event likely to lead to a claim by the College in respect of insurance.
- 16.8 The Director of Finance & Resources shall review all insurance cover annually.
- 16.9 Budget Holders shall consult the Director of Finance & Resources upon any terms of indemnity which the College is requested to give.
- 16.10 The Director of Finance & Resources shall negotiate with the insurers the settlement of all claims.

## **KEY AUTHORISATIONS/CONTROLS**

- |                                 |                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Director of Finance & Resources | <ul style="list-style-type: none"><li>- responsible for appropriate insurance cover</li><li>- responsible for reviewing all insurance cover annually</li><li>- responsible for negotiating settlement of claims</li></ul>                                                                                                                             |
| Budget Holders                  | <ul style="list-style-type: none"><li>- responsible for reducing risks</li><li>- responsible for informing the Director of Finance &amp; Resources of any changes in risk</li><li>- responsible for Health &amp; Safety in their areas</li><li>- responsible for notifying the DoF of any loss or damage or theft likely to lead to a claim</li></ul> |

## **KEY DOCUMENTATION**

Register of Insurance  
Tender Document

## **KEY PERSONNEL**

Director of Finance & Resources  
Budget Holders

## **17. AUDIT**

- 17.1 The Corporation Board is required by the Financial Memorandum to secure an internal and external audit service for the College.
- 17.2 The internal audit service work shall be determined by an audit plan which shall be approved by the Corporation Board following consideration by the Audit Committee. The broad terms of reference are to review the principal and subsidiary financial and non-financial systems operated by the College in order to express an opinion annually on the adequacy of the systems of internal controls.
- 17.3 The internal and external audit service has rights of access to all the records, information and assets of the College, which it considers necessary to fulfil its responsibilities.
- 17.4 The internal and external audit service has the right to require employees of the College to provide information and explanations concerning their actions in connection with the reviews, which they are carrying out and on which it is considered necessary to form an opinion.
- 17.5 Budget Holders may request that the internal audit service undertakes particular reviews in her/his areas. These requests will normally be considered as part of the audit planning process by the Audit Committee. However, if it is considered a matter of urgency and importance the Internal Auditor, after consulting the Director of Finance & Resources or the Principal, may undertake work additional to the agreed plans.
- 17.6 The Director of Finance & Resources shall report directly to the Audit Committee any information relating to financial control matters required by the Corporation Board in order to carry out the responsibilities outlined in section 3. It is the responsibility of Budget Holders to ensure that any matters which come to their attention should be referred to the Director of Finance & Resources for communication to the Corporation Board if appropriate.
- 17.7 The Director of Finance & Resources will request all members of internal and external audit teams to avoid all other official business and professional and personal relationships with college personnel. This will be a condition of their employment.

### **KEY AUTHORISATIONS/CONTROLS**

Corporation Board	-	approval of internal audit plan
Director of Finance & Resources /Principal	-	authorisation of changes to internal audit plan
Budget Holders	-	referring any relevant matters to the Director of Finance & Resources for communication to the Corporation Board

### **KEY DOCUMENTATION**

The Financial Memorandum

## **KEY PERSONNEL**

Corporation Board  
Audit Committee  
Principal  
Director of Finance & Resources  
Finance Manager  
Finance Staff  
Budget Holders  
Clerk to the Corporation

## 18. FINANCIAL RECORDS

- 18.1 Under the terms of the Further and Higher Education Act 1992 it is the duty of the corporation:
- 18.1.1 To keep proper accounts and proper accounting records.
  - 18.1.2 To prepare a statement of accounts in respect of each financial year (Schedule 7 Section 189 (I))
  - 18.1.3 To keep the financial records of the College in the format prescribed by the SFA/EFA and in accordance with the accounting policies approved by the Corporation Board (these, in turn, shall accord with generally accepted accounting principles).
- 18.2 The Director of Finance & Resources has the delegated responsibility for the maintenance of the College's financial records and their compliance with section 18.1, above.
- 18.3 The financial records shall incorporate an appropriate heirachial system of regularly changed pass words to ensure that amendments to the system can only be made by authorised members of the finance staff.
- 18.4 Back-up procedures and partnership shall be in place to minimise down-time and loss of financial records in the event of a system failure.
- 18.5 All changes to standing data on the financial records must be authorised by the Director of Finance & Resources. The Director of Finance & Resources shall obtain exception reports and review these for unauthorised changes to standing data.
- 18.6 Petty cash shall be recorded and controlled using an imprest system.

### KEY AUTHORISATIONS/CONTROLS

Corporation Board	-	responsibility for the maintenance of financial records
Director of Finance & Resources	-	delegated responsibility for maintaining proper and accurate financial records
	-	responsible for maintaining system of passwords in the financial records
	-	responsible for contingency procedures
	-	responsible for authorising changes to standing data
	-	responsible for reviewing exception reports
Finance Staff	-	responsible for maintaining an imprest system for petty cash

## **KEY DOCUMENTATION**

The Further & Higher Education Act 1992  
The College's Financial Records

## **KEY PERSONNEL**

Corporation Board  
Director of Finance & Resources  
Finance Manager  
Finance Staff

## 19. FRAUD AND IRREGULARITY

- a) It is the duty of all governors and officers of the college whether individually or collectively to protect the assets of the college and that duty includes the requirement to identify and report any suspected theft, fraud or other irregularity. This is consistent with the college's Public Interest Disclosure policy.
- b) The following statement needs to draw a clear distinction between treatment of obvious theft as evidenced by the discovery of a loss and suspected irregularities including theft, fraud, embezzlement, corruption, and other financial irregularities (hereafter referred to as "fraud, etc.>").

Fraud is defined as:-

Deception	Bribery	Forgery
Extortion	Corruption	Theft
Conspiracy	Embezzlement	Misappropriation
False representation	Concealment of material facts and collusion	

- c) For practical purposes fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.
- d) Where it is obvious a theft has taken place officers should immediately notify the police and inform the Director of Finance & Resources or in their absence the Principal. The Director of Finance & Resources will if appropriate notify the Internal Audit Manager and the College's insurance company. Following investigation by the police a report should be submitted to the Director of Finance & Resources setting out the background to the theft, details of any loss with values and any recommendations to prevent further such occurrences.
- e) Where any officer has ground to suspect that fraud, etc. has occurred they should notify their line manager without delay. Line Managers should in turn notify the Director of Finance & Resources who should ensure that an appropriate investigation is carried out. Where the Director of Finance & Resources considers it necessary the Internal Audit Service will investigate the circumstances and inform the Director of Finance & Resources of the outcome. The internal audit service will carry out only such preliminary investigations as deemed necessary to establish whether or not there is a prima facie case of fraud, etc. If the Director of Finance & Resources agrees there is a prima facie case they will inform the police along with the Principal, the Appointed Auditor, Chairman of the Audit Committee and such other officers as may be appropriate.
- f) The Director of Finance & Resources will also prepare a report for the first appropriate meeting of the Audit Committee setting out the full circumstances of the incident and any implications for management including changes to internal control systems which may require to be made.
- g) The Principal should report the matter to the Further Education Funding Council in cases where the nature, scale or the persons involved in the suspected offence could give rise to national or local controversy or publicity, or where the offence may be widespread.
- h) Restitution of funds is not a reason for not proceeding with an investigation. Under no circumstances should a suspect be told that they will not be prosecuted – that is a matter solely for the Crown Authorities.

- i) All losses, whether or not criminal procedures are instigated, should be pursued for recovery and the systems of control subsequently evaluated to prevent recurrence. The Director of Finance & Resources will ensure that lessons learned from such incidents are widely disseminated.
- j) Careful consideration should be given to payment claims which arise from organisations or individuals who are under investigation or against who proceedings are being taken for suspected fraud, etc.

Advice on dealing with suspected irregularities and any subsequent action can be obtained from the Director of Finance & Resources

## **KEY PERSONNEL**

Chair of the Corporation  
Principal  
Director of Finance & Resources

## **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 governing body.
- An initial budget for the project for submission to the planning and resources committee and the estates committee. The budget should include a breakdown of costs including professional fees, VAT and funding sources.
- A financial evaluation of the plans together with their impact on 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.



## **ANTI BRIBERY POLICY**

**Date agreed by Audit Committee:** November 2012

**Date agreed by Board:** TBC

**Date of Next Review:** July 2014

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## 1. INTRODUCTION

- 1.1 This document sets out Derwentside College's policy and advice to employees in dealing with bribery or suspected bribery. This policy details the arrangements made in Derwentside College's staff handbook for such concerns to be raised by employees.
- 1.2 The Bribery Act 2010, which came into force on 1 July 2011, introduces a new, clearer regime for tackling bribery that will apply to all businesses based or operating in the UK. It covers all sorts of bribery, the offering and receiving of a bribe, directly or indirectly, whether or not it involves a public official, in the UK or abroad. There are offences by individuals, and a corporate offence for corporates and partnerships, and penalties for non-compliance are serious.
- 1.3 Bribery is a criminal offence for both individuals and commercial organisations and can be punished with imprisonment of up to 10 years or unlimited fines. Ministry of Justice guidance on Adequate Procedures (S7 para 35) states that "As regards bodies incorporated, or partnerships formed, in the UK, despite the fact that there are many ways in which a body corporate or a partnership can pursue business objectives, the Government expects that whether such a body or partnership can be said to be carrying on a business will be answered by applying a common sense approach. So long as the organisation in question is incorporated (by whatever means), or is a partnership, it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made. If any employee was accused of bribery, Derwentside College's reputation might be damaged considerably, and subsequent enforcement action would be time-consuming and hinder Derwentside College from focussing on its core business and service delivery.
- 1.4 It is therefore the policy of Derwentside College to prohibit any form of bribery or corrupt practices, whether covered directly by the Bribery Act 2010 or not. The policy applies to Derwentside College, all its employees and anyone acting for, or on behalf of, the College ("associated persons"), including governors, other volunteers, temporary workers, consultants and contractors, independent of their grade and position, and shall be respected at all times.

## 2. DEFINITIONS

- 2.1 Definitions for bribery and corruption vary, but both are covered within The Bribery Act 2010. Some common definitions are:

**Bribery** - "Inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages". Appendix A is a summary of the Bribery Act 2010.

**Corruption** - This can be broadly defined as the offering or acceptance of inducements, gifts, favours, payment or benefit-in-kind which may influence the action of any person. Corruption does not always result in a loss. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another.

It is a common law offence of corruption to bribe the holder of a public office and it is similarly an offence for the office holder to accept a bribe.

### 3. SCOPE

3.1 This policy relates to all forms of bribery and is intended to provide direction and help to employees who may identify, or suspect bribery. The overall aims of this policy are to:

- improve the knowledge and understanding of everyone in Derwentside College, irrespective of their position, about the risk of bribery within the organisation and its unacceptability
- assist in promoting a climate of openness and a culture and environment where staff feel able to raise concerns sensibly and responsibly
- set out Derwentside College's responsibilities in terms of the deterrence, prevention, detection and investigation of bribery and corruption
- ensure the appropriate sanctions are considered following an investigation, which may include any or all of the following:
  - Criminal prosecution
  - civil prosecution
  - internal/external disciplinary action (including professional/regulatory bodies)

3.2 This policy applies to all employees of Derwentside College regardless of position held, as well as those acting on behalf of the College, including governors, other volunteers, temporary workers, consultants, contractors, and/or any other parties who have a business relationship with Derwentside College. It will be brought to the attention of all employees and Board members, and will form part of the induction process for new staff and Governors. It is incumbent on all of the above to report any concerns they may have concerning bribery.

3.3 In implementing this policy, managers must ensure that all staff are treated fairly and within the provisions and spirit of Derwentside College's Equal Opportunities Policy.

Derwentside College has procedures in place that reduce the likelihood of bribery occurring. These include Standing Orders, Financial Regulations, documented policies and procedures, including on whistleblowing, a system of internal control (including Internal and External Audit) and a system of risk assessment.

### 4. PUBLIC SERVICE VALUES

4.1 The three fundamental public service values are:

Accountability	Everything done by those who work in Derwentside College must be able to stand the tests of parliamentary scrutiny, public judgements on propriety and professional codes of conduct.
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Probity	Absolute honesty and integrity should be exercised in dealing with all aspects of Derwentside College's operations.
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Openness Derwentside College's actions should be sufficiently open and transparent to promote confidence between Derwentside College, our employees and the public.

In addition, all those who work for, or are in a contract with, Derwentside College should exercise the following when undertaking their duties:

*Selflessness* ...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 family or their friends

*Integrity* ...should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties

*Objectivity* ... should, in carrying out public business, (including making public appointments , awarding contracts, or recommending individuals for rewards and benefits), make choices on merit

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

*Openness* ...should be as open as possible about all the decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest demands

*Honesty* ...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* ...should promote and support these principles by leadership and example

## 5. POLICY

5.1.1 All employees have a personal responsibility to protect Derwentside College from bribery or corruption, are responsible for maintaining the highest standards of business conduct and are expected to behave honestly and with integrity.

5.1.2 Derwentside College is absolutely committed to maintaining an honest, open and constructive culture so as to best fulfil its' objectives. It is, therefore, also committed to the elimination of bribery, to the rigorous investigation of any such allegations and to taking appropriate action against wrong doers, including possible criminal prosecution.

5.1.3 All gifts, payments or any other contribution, whether in cash or in kind, shall be documented, regularly reviewed, and properly accounted.

5.1.4 Derwentside College procures goods and services ethically and transparently with the quality, price and value for money determining the successful supplier/contractor,

not by receiving (or offering) improper inducements. Derwentside College will not engage in any form of bribery, either in the UK or abroad.

5.1.5 Derwentside College prohibits employees and associated persons from offering, giving, soliciting or accepting any bribe in any way, or to give, or be perceived to have given, a financial or other advantage to any person (whether a UK or foreign public official, political candidate, party official, private individual, private or public sector employee or any other person) in order to induce that person to perform his/her functions or activities improperly. The bribe might include cash, a gift or other inducement, to or from any person or organisation, wherever they are situated, and irrespective of whether or not they are a public official/body or private person or company, by an individual governor, employee, agent or other person or body acting on the College's behalf. The bribe might be in order to:

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

5.1.6 Derwentside College may, in certain circumstances, be held responsible for acts of bribery committed by intermediaries acting on its behalf such as subsidiaries, clients, business partners, contractors, suppliers, agents, advisors, consultants or other third parties. The use of intermediaries for the purpose of committing acts of bribery is prohibited.

5.1.7 All intermediaries shall be selected with care, and all agreements with intermediaries shall be concluded under terms that are in line with this policy. Derwentside College will contractually require its agents and other intermediaries to comply with the Anti Bribery Policy and to keep proper books and records available for inspection by the College, auditors or investigating authorities. Agreements with agents and other intermediaries shall at all times provide for the necessary contractual mechanisms to enforce compliance with the anti bribery regime. Derwentside College will monitor performance and, in case of non-compliance, require the correction of deficiencies, apply sanctions, or eventually terminate the agreement even if this may result in a loss of business

5.1.8 All employees should be aware that bribery will normally be regarded as a serious disciplinary offence which will be addressed in accordance with Derwentside College's existing disciplinary policy and associated procedures.

## **5.2 FACILITATION PAYMENTS**

5.2.1 'Facilitation payments' are payments made to secure or expedite the performance of a routine action by a government official or agency to which the payer (or the company) has legal or other entitlement.

5.2.2 Facilitation payments are prohibited under the Bribery Act like any other form of bribe. They shall not be given by Derwentside College or Derwentside College's employees in the UK or any other country.

## **5.3 GIFTS AND HOSPITALITY**

5.3.1 This policy is not intended to prohibit appropriate corporate entertainment and/or hospitality undertaken in connection with Derwentside College's business activities,

provided the activity is customary under the circumstances, is proportionate, and is properly recorded / disclosed to Derwentside College in accordance with its procedures.

- 5.3.2 Courtesy gifts and hospitality must not be given or received in return for services provided or to obtain or retain business but shall be handled openly and unconditionally as a gesture of esteem and goodwill only. Gifts and hospitality shall always be of symbolic value, appropriate and proportionate in the circumstances, and consistent with local customs and practices. They shall not be made in cash. Please refer to Derwentside College's Financial Regulations for more guidance.

#### **5.4 POLITICAL & CHARITABLE CONTRIBUTIONS**

- 5.4.1 Derwentside College does not make any contributions to politicians, political parties or election campaigns.
- 5.4.2 As a responsible member of society, Derwentside College may make charitable donations. However, these payments shall not be provided to any organisation upon suggestion of any person of the public or private sector in order to induce that person to perform improperly the function or activities which he or she is expected to perform in good faith, impartially or in a position of trust or to reward that person for the improper performance of such function or activities..
- 5.4.3 Any donations and contributions must be ethical and transparent. The recipient's identity and planned use of the donation must be clear, and the reason and purpose for the donation must be justifiable and documented. All charitable donations will be publicly disclosed.
- 5.4.4 Donations to individuals and for-profit organisations and donations paid to private accounts are incompatible with Derwentside College's ethical standards and are prohibited.

#### **5.5 SPONSORING**

- 5.5.1 Sponsoring means any contribution in money or in kind by Derwentside College towards an event organised by a third party in return for the opportunity raise Derwentside College's profile. All sponsoring contributions must be transparent, pursuant to a written agreement, for legitimate business purposes, and proportionate to the consideration offered by the event host. They may not be made towards events organised by individuals or organisations that have goals incompatible with Derwentside College's ethical standards or that would damage Derwentside College's reputation. All sponsorships will be publicly disclosed.
- 5.5.2 Where commercial sponsorship is used to fund Derwentside College's training events, training materials and general meetings, the sponsorship must be transparent, pursuant to a written agreement, for legitimate business purposes, and proportionate to the occasion. Where meetings are sponsored by external sources, that fact must be disclosed in the papers relating to the meeting and in any published minutes/proceedings.
- 5.5.3 Where sponsorship links to the development of guidelines and advice, this should be carried out in consultation with Derwentside College's nominated member of the senior management team.

#### **6. RAISING CONCERNS**

- 6.1 Employees and associated persons are requested to remain vigilant in preventing, detecting and reporting bribery. Employees and associated persons are expected to report any concerns regarding any suspected bribery in accordance with the College's procedures outlined in the Public Interest Disclosure Policy. Derwentside College's policy, which will be rigorously enforced, is that no individual will suffer any detrimental treatment as a result of reporting reasonably held suspicions. The Public Interest Disclosure Act 1998 came into force in July 1999 and gives statutory protection, within defined parameters, to staff who make disclosures about a range of subjects, including bribery and corruption, which they believe to be happening within the organisation employing them. Within this context, 'reasonably held' means suspicions other than those which are raised maliciously and are subsequently found to be groundless.
- 6.2 Any unfounded or malicious allegations will be subject to a full investigation and appropriate disciplinary action.

## **7. ROLES & RESPONSIBILITIES**

### **7.1 THE BOARD**

- 7.1.1 The Board has a duty to ensure that it provides a secure environment in which to work, and one where people are confident to raise concerns without worrying that it will reflect badly on them. This extends to ensuring that staff feel protected when carrying out their official duties and are not placed in a vulnerable position. If staff have concerns about any procedures or processes that they are asked to be involved in, the College has a duty to ensure that those concerns are listened to and addressed.
- 7.1.2 The Board and/or the Accounting officer will be liable to be called to account for failing to prevent bribery. Derwentside College therefore has a duty to ensure employees receive adequate training and support in order to carry out their responsibilities. Therefore, the Principal and/or another nominated member of the senior management team will monitor and ensure compliance with this policy.

### **7.2 EMPLOYEES**

- 7.2.1 For the purposes of this policy, 'Employees' include Derwentside College's staff, Governors, volunteers, temporary workers, consultants and contractors.
- 7.2.2 Governors and staff at all levels will lead by example in acting with the utmost integrity and ensuring adherence to all relevant regulations, policies and procedures.
- 7.2.3 Employees must act in accordance with the Derwentside College's Standards of Business Conduct, Gifts and Hospitality and Declaration of interest policies which include guidance on the receipt of gifts or hospitality.
- 7.2.4 Employees who are involved in receiving offers of sponsorship, funding or gifts from outside agencies also should comply with their own professional codes of practice where applicable.

### **7.3 MANAGERS**

- 7.3.1 Line managers at all levels have a responsibility to ensure that an adequate system of internal control exists within their areas of responsibility and that controls operate

effectively. The responsibility for the prevention and detection of bribery therefore primarily rests with managers but requires the co-operation of all employees.

7.3.2 As part of that responsibility, line managers need to:

- Inform staff of Derwentside College 's code of business conduct, gifts and hospitality, declaration of interest and counter fraud and anti bribery policies as part of their induction process, paying particular attention to the need for accurate completion of personal records and forms
- ensure that all employees for whom they are accountable are made aware of the requirements of the policy
- assess the types of risk involved in the operations for which they are responsible
- ensure that adequate control measures are put in place to minimise the risks. This must include clear roles and responsibilities, supervisory checks, staff rotation (particularly in key posts), separation of duties wherever possible so that control of a key function is not invested in one individual, and regular reviews, reconciliations and test checks to ensure that control measures continue to operate effectively
- be aware of Derwentside College 's anti bribery policy
- identify sensitive/at-risk posts
- ensure that controls are being complied with
- contribute to their line manager's assessment of the risks and controls within their area, which feeds into Derwentside College 's overall statements of accountability and internal control.

7.3.3 All instances of actual or suspected bribery, which come to the attention of a manager, must be reported immediately. It is appreciated that some employees will initially raise concerns with their manager, however, in such cases managers must not attempt to investigate the allegation themselves, and they have the clear responsibility to refer the concerns in line with Derwentside College's Public Interest Disclosure Policy as soon as possible.

## **7.4 INFORMATION MANAGEMENT & TECHNOLOGY**

7.4.1 The Computer Services Manager will contact the Director of Finance and Resources immediately in all cases where there is suspicion that Derwentside College's IT infrastructure is being used for the purposes of bribery. This includes inappropriate internet/intranet, e-mail, telephones and PDAs.

## **7.5 PROCUREMENT**

7.5.1 Procurement practices will be conducted in a fair and transparent manner and not deal with contractors or suppliers known or reasonably suspected to be paying bribes. Before engaging contractors and suppliers, Derwentside College will undertake properly documented due diligence Derwentside College will require contractors and suppliers to comply with its Anti-Bribery Policy as a minimum standard. Agreements with contractors and suppliers shall, at all times, provide for

the necessary contractual mechanisms to enforce compliance with the anti bribery arrangements. Derwentside College will monitor performance and, in case of non-compliance, require the correction of deficiencies, apply sanctions, or eventually terminate the agreement.

## **8. EXTERNAL COMMUNICATIONS**

Individuals (be they employees, temporary workers, volunteers, consultants, contractors or suppliers) must not communicate directly with any member of the press, media or any other third party about a suspected act of bribery, but should address any such concerns in accordance with Derwentside College's Public Interest Disclosure Policy.

## **9. TRAINING**

9.1 Derwentside College will provide anti bribery training to all relevant employees to make them aware of our Anti Bribery Policy and guidelines, in particular of possible types of bribery, the risks of engaging in bribery activity, and how employees may report suspicion of bribery.

## **10. RELATED POLICIES** Declaration of Interests policy

- Financial Regulations/Standing Financial Instructions
- Tendering and contracting policies and procedures
- Public Interest Disclosure Policy
- Disciplinary policy

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## Offences under the Bribery Act 2010

The following business practices constitute criminal offences under the Bribery Act 2010 and are therefore prohibited:

### ***Offences of bribing another person***

*Case 1* is where a Derwentside College employee offers, promises or gives a financial or other advantage to another person *and* intends the advantage (i) to induce that or another person to perform improperly a relevant function or activity, *or* (ii) to reward that or another person for the improper performance of such a function or activity.

*Case 2* is where a Derwentside College employee offers, promises or gives a financial or other advantage to another person *and* knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity by that person.

The bribery must relate to (i) a function of a public nature, (ii) an activity connected with a business, (iii) an activity performed in the course of a person's employment, *or* (iv) an activity performed by or on behalf of a body of persons (whether corporate or unincorporate). The person performing the function or activity must be expected to perform it in good faith, impartially or in a position of trust. It does not matter whether the function or activity is performed inside or outside the UK, whether the other person(s) involved is/are in the public or private sector and whether the advantage is offered, promised or given directly by the Derwentside College employee or through a third party, e.g. an agent or other intermediary.

### ***Offences relating to being bribed***

*Case 3* is where a Derwentside College employee requests, agrees to receive or accepts a financial or other advantage intending that, in consequence, a relevant function or activity should be performed improperly (whether by him-/herself or another person).

*Case 4* is where a Derwentside College employee requests, agrees to receive or accepts a financial or other advantage, *and* the request, agreement or acceptance itself constitutes the improper performance by him-/herself of a relevant function or activity.

*Case 5* is where a Derwentside College employee requests, agrees to receive or accepts a financial or other advantage as a reward for the improper performance (whether by him-/herself or another person) of a relevant function or activity.

*Case 6* is where, in anticipation of or in consequence of a Derwentside College employee requesting, agreeing to receive or accepting a financial or other advantage, a relevant function or activity is performed improperly (i) by that Derwentside College employee, *or* (ii) by another person at his/her request or with his/her assent or acquiescence.

Again, the bribery must relate to (i) a function of a public nature, (ii) an activity connected with a business, (iii) an activity performed in the course of a person's employment, *or* (iv) an activity performed by or on behalf of a body of persons (whether corporate or unincorporate). The person performing the function or activity must be expected to perform it in good faith, impartially or in a position of trust.

It does not matter whether the function or activity is performed inside or outside the UK, whether the other person(s) involved is/are in the public or private sector, whether the employee requests, agrees to receive or accepts the advantage directly or through a third party, e.g. an agent or other intermediary, and whether the advantage is for the benefit of a Derwentside College employee or another person.

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In Cases 4 to 6, it does *not* matter whether the Derwentside College employee knows or believes that the performance of the function or activity is improper.

***Bribery of foreign public officials***

Case 7 is where a Derwentside College employee bribes a foreign public official and intends (i) to influence that official in his/her capacity as a foreign public official *and* (ii) to obtain or retain a business or an advantage in the conduct of business. A foreign public official is someone who holds a legislative, administrative or judicial position of any kind or exercises a public function of a country outside the UK, or is an official or agent of a public international organisation.

*The following paragraph will apply if any part of the organisation is considered as a 'commercial' one.*

***Failure of commercial organisations to prevent bribery (applicable only to corporates and partnerships - included for information)***

A corporate or partnership is guilty of a corporate bribery offence if an employee, agent, subsidiary or any other person acting on its behalf bribes another person intending to obtain or retain business or an advantage in the conduct of business for the corporate or partnership. For a definition of bribery, please refer to Cases 1, 2 and 7 above.

It should be the policy of a corporate or partnership not to tolerate any bribery on its behalf, even if this might result in a loss of business for it. Criminal liability must be prevented at all times.