




POLICY

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A. GENERAL PROVISIONS AND GOVERNANCE

1. DEFINITIONS AND TERMINOLOGY

- 1.1. **The College** shall mean Derwentside College, a Corporation established under the Further and Higher Education Act 1992.
- 1.2. All references to **The Corporation** are to the members of the Corporation appointed under the Act. This is the body to which the Principal reports and which is responsible to the Chief Executive Education and Skills Funding Agency for discharging the functions of the College. For the purposes of these regulations the terms, The Corporation, Corporation Board, The Governing Body, and The Board shall have the same meaning.
- 1.3. **The Funding Provider / Body** is the Education and Skills Funding Agency (ESFA) / DfE.
- 1.4. **The Principal** shall mean the **Principal and Chief Executive** of the College who is the **Accounting Officer** and responsible for the activities of the College. As the College's Accounting Officer, they may be required to justify any of the College's financial matters to the Public Accounts Committee at the House of Commons.
- 1.5. **The Vice Principal Finance and Resources** is the **Chief Financial Officer** responsible for financial administration of the College and for ensuring that the College has satisfactory systems of financial control and management.
- 1.6. **The Head of Governance** shall mean the Clerk to the Governing Body.
- 1.7. **Budget Holder** is any member of staff who has been assigned a budget to manage.
- 1.8. **Audit and Risk Committee** – Colleges are required by their Instrument and Articles of Governance, their financial memorandum with the Funding Provider and by the Funding Provider's Audit Code of Practice to appoint an Audit Committee. The committee is independent, advisory and reports to The Corporation.
- 1.9. **Finance and Resources Committee** - the committee with delegated responsibility for financial matters.
- 1.10. **Financial Procedures Manual** – detailed operational procedures setting out how the Financial Regulations will be implemented.

2. INTRODUCTION

- 2.1. The College is a further education corporation created under the provisions of the Further and Higher Education Act 1992. Its structure of governance is laid down in the instruments and articles of governance. The College is accountable through its Corporation.
- 2.2. The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011.
- 2.3. The funding agreements between the Funding Provider and the Corporation set out the terms and conditions on which funding is made. The Corporation is responsible for ensuring the conditions of

funding are met. As part of this process, the College must adhere to the Funding Provider code of practice which require it to have sound systems of finance and management control.

- 2.4. In November 2022, The Office for National Statistics determined that the College should be re-classified as a Public Sector Body and must abide by the rules within the “[Managing Public Money](#)” guidance.
- 2.5. From 1 August 2024 the [ESFA College Financial Handbook](#) shall be adhered to by the College, and these Financial Regulations reflect the requirements contained within that handbook.

3. STATUS AND PURPOSE OF FINANCIAL REGULATIONS

- 3.1. These Financial Regulations provide a framework of accounting and financial controls within which staff of the College must operate to protect accountability of public funds, ensure value for money is achieved and that resources are applied properly for the achievement of the College’s strategic aims and objectives.
- 3.2. Failure to comply with any terms of these Financial Regulations is a disciplinary offence and may be dealt with under the College’s Disciplinary Procedures. 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.
- 3.3. These Financial Regulations are determined by the Governing Body under power conferred by the Articles of Government. These regulations are subordinate to any restrictions within the Financial Memorandum between the Governing Body and the Education and Skills Funding Agency and the Audit Code of Practice.
- 3.4. The Finance and Resources Committee is responsible for maintaining a continuous review of the Financial Regulations, through the Vice Principal Finance and Resources. The Committee must endorse any changes and amendments to the Financial Regulations prior to formal approval by Corporation Board.
- 3.5. These Financial Regulations are supported by operational processes and procedures and 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.
- 3.6. All formal references to action by the Principal will normally be enacted by the Vice Principal Finance and Resources.
- 3.7. Actions assigned to the Vice Principal Finance and Resources will be supported by the Director of Finance and enacted by them where appropriate.
- 3.8. Actions prescribed for a budget holder are within the existing framework of line management.
- 3.9. It is the responsibility of all staff, upon reasonable request from the Vice Principal Finance and 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.
- 3.10. Nothing in these financial regulations shall supersede any provision contained in the Financial Memorandum or the College Articles.

4. APPROVED DEVIATIONS FROM THE FINANCIAL REGULATIONS

- 4.1. In exceptional circumstances it may be necessary to deviate from the standard rules as set out within the Financial Regulations. In such a case, it must be determined that failure to deviate would be to the detriment of the College. The most common circumstance where a deviation would occur would be in relation to the purchasing of goods and services.
- 4.2. The Director of Finance may agree to waive financial regulations in respect of transactions up to £1,000 in value.
- 4.3. The Vice Principal Finance and Resources may agree to waive financial regulations in respect of transactions between £1,000 and £10,000 in value.
- 4.4. In exceptional circumstances the Principal may agree to waive financial regulations in respect of transactions exceeding £10,000 but no more than £50,000.
- 4.5. Decisions to waive financial regulations in excess of £50,000 will be made by the Finance and Resources Committee.

5. CORPORATE GOVERNANCE

5.1. The Governing Body / Corporation Board

The governing body is responsible for the management and administration of the College. Its financial responsibilities are to:

- ensure the solvency of the college and the safeguarding of the college's assets
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Senior Post Holders.
- set a framework for pay and conditions of service of all other staff
- ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the college are appropriate and sufficient to safeguard public funds
- approve the appointment of financial statement auditors, regularity auditors and an internal audit service
- secure the efficient, economical and effective management of all the college's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the college is not put at risk
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution
- plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure
- approve an annual budget before the start of each financial year
- ensure that the College complies with the funding body's audit code of practice
- approve the College's strategic plan
- approve the annual financial statements.

6. COMMITTEE STRUCTURE

- 6.1. The governing body has ultimate responsibility for the college's finances, but delegates specific powers and processes to the committees detailed below. These committees are accountable to the governing body.

Finance and Resources Committee

Monitoring of the College's financial position and financial control systems is undertaken by the Finance and Resources Committee. The committee will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the governing body. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to the financial duties of the governing body and make recommendations accordingly. The committee will also ensure that the governing body has adequate information to enable it to discharge its financial responsibilities.

Audit and Risk Committee

The College is required by its Instruments and Articles of Government, and its Financial Memorandum with the funding bodies, to appoint an audit committee. The committee is independent, advisory and reports to the governing body. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal, regularity and financial statements auditors. The committee is responsible for identifying and approving appropriate performance measures for internal, regularity and financial statements audit and for monitoring their performance. It must also satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The audit committee's terms of reference encompass the model terms of reference set out in the Funding Bodies Audit Code of Practice.

Remuneration Committee

Consideration of the pay and conditions for senior post holders and the Head of Governance is the responsibility of the Remuneration Committee. It has the power to make recommendations to the Corporation Board on their remuneration, including pay and other benefits, as well as contractual arrangements.

- 6.2. The Corporation Board shall maintain an approved Scheme of Delegation and shall comply with their duties as charity trustees as set out in the Instrument and Articles of Association, the Standing Orders and the requirements of the funding body.

7. DUTIES AND RESPONSIBILITIES

7.1. The Principal and Chief Executive

The Principal is the College's Accounting Officer and carries specific responsibilities for financial matters in accordance with the financial memorandum with the funding body and the College Financial Handbook. As the Accounting Officer, the Principal may be required to justify any of the College's financial matters to the Public Accounts Committee at the House of Commons.

The Principal –

- on behalf of the Corporation shall be responsible for ensuring economy and efficiency in the use of the resources of the College and will set up appropriate mechanisms to monitor other members of staff in this respect;
- shall, after considering advice and guidance given by the Vice Principal Finance and Resources or, in their absence, their authorised nominee, be responsible for ensuring the implementation of the College's financial operations;

- is responsible to the Corporation for the preparation and submission of annual estimates of income and expenditure for consideration and approval by the Corporation and for the management of budget and resources within the estimates approved by the Corporation;
- is empowered to designate members of staff as budget holders, and confirm these delegated budgets in writing;
- shall be the final arbiter as to the implementation of these Regulations and shall receive the written advice of the Vice Principal Finance and Resources for this purpose;
- shall have final responsibility for all returns to funding bodies, and shall arrange for all returns to be completed accurately and on time;
- is responsible for advising the Corporation in writing if any action or policy under consideration by them or any failure to act by them where required to do so by the Financial Memorandum would be incompatible with the Financial Memorandum or infringe the requirements of propriety or regularity.

7.2. Vice Principal Finance and Resources

The Vice Principal Finance and Resources is the Chief Financial Officer for the College and;

- is responsible to the Principal for the administration of the financial affairs of the College and shall provide financial advice to the Corporation and its Officers; supervise the implementation of the Corporation's financial policies; design; implement and supervise financial control systems; and prepare and maintain such accounts, estimate, records and reports as the Corporation may require for the purpose of carrying out its duties;
- is responsible to the Principal for preparing annual statements of account for the College. The accounts will be prepared in accordance with guidelines issued by the appointed Government funding bodies and conform to recommended accounting practice. These statements of account are to be presented to the Finance and Resources Committee for approval before being presented to the Corporation for formal approval and for signature by two members of the Board, one of whom is to be the Chair;
- shall require, of any member of staff, that the form in which financial records are kept shall be to their satisfaction;
- shall be responsible for the maintenance of the College's financial systems of control including computing systems;
- shall ensure that existing and new members of staff are informed of their responsibilities within the terms of these Regulations;
- shall be responsible for the administration of any College companies.
- The Vice Principal Finance and Resources shall report to the Corporation any issues giving cause for concern with regard to the general stewardship of public funds.

7.3. All members of staff

- have a general responsibility for compliance with these Regulations and for the security of the College's property, for avoiding loss and for due economy in the use of resources;
- shall make available any relevant records or information to the Vice Principal Finance and Resources or their authorised representative in connection with the carrying out of their duties of implementation of the College's financial policies and system of financial control;
- shall provide the Vice Principal Finance and Resources with such financial and other information as they may deem necessary, from time to time, to carry out the requirements of the Corporation;
- shall immediately notify the Vice Principal Finance and Resources whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash, stores or property of the College. The Vice Principal Finance and Resources shall, take such steps as he/she considers necessary by way of investigation and report.

8. RISK MANAGEMENT AND INSURANCE

- 8.1. The College acknowledges the risks inherent in its business and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable / unacceptable by the college is set out in the Risk Management Policy which is reviewed by the Audit and Risk Committee and approved by the Corporation Board.
- 8.2. The Corporation has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the institution through the development, implementation and embedding within the organisation of a formal, structured risk management process. This responsibility being delegated to the Audit and Risk Committee for periodic review.
- 8.3. In line with this policy the Corporation requires that the risk management policy and supporting procedures include:
- the adoption of common terminology in relation to the definition of risk and risk management
 - the establishment of college-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence
 - a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes
 - a decision on the level of risk to be covered by insurance
 - detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas
 - development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question
 - regular reporting to the governing body of all risks above established tolerance levels
 - an annual review of the implementation of risk management arrangements
- 8.4. The Vice Principal 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. Cover will normally be secured by competitive tender for a period of up to 5 years.
- 8.5. 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's assets, personnel (employees and learners) and incomes. Budget holders are responsible for Health and Safety in their areas.
- 8.6. Budget holders shall promptly notify the Vice Principal Finance & Resources of any loss, liability or damage or any event likely to lead to a claim by the College in respect of insurance.
- 8.7. Budget holders shall consult the Vice Principal Finance and Resources upon any terms of indemnity which the College is requested to give.
- 8.8. The Vice Principal Finance and Resources shall negotiate with the insurers the settlement of all claims.

9. FRAUD, BRIBERY AND CORRUPTION

- 9.1. The College is committed to maintaining an honest, open, and constructive culture and takes all reasonable measures to attempt to prevent fraud, bribery and corruption, and has implemented a series of measures to mitigate against the likelihood of occurrence.

- 9.2. The College has an approved Anti-Fraud, Bribery and Corruption, and Money Laundering Policy in place which should be consulted for detailed information including expectations, controls and actions to be taken when such irregularities are suspected.
- 9.3. The authorisation limits relating to purchase orders / tenders set out in these Financial Regulations provide comfort that major transactions will be subject to additional scrutiny.

10. WHISTLEBLOWING

- 10.1. Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistle-blower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential, and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 10.2. The full procedure for whistleblowing is set out in the College's [Public Interest Disclosure \(Whistleblowing\) Policy](#).

11. CODE OF CONDUCT

- 11.1. The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the seven principles of public life, which all members of staff are expected to observe. These are selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- 11.2. Additionally, all members of staff shall demonstrate the College Values in the course of their work. These are Trust, Respect, Excellence, Enjoyment and Enterprise.
- 11.3. Members of the Corporation Board, the Senior Leadership Team, and those involved in procurement activities are required to disclose interests in the College's register of interests maintained by the Head of Governance. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly. The Head of Governance is responsible for reviewing and updating the register of interests at least annually, and in the event of new members joining the College.
- 11.4. No person shall be a signatory to a College contract or be included in any decision making or approval of expenditure, where he or she also has an interest in the activities of the other party. The Corporation Board shall approve and regularly review a policy for managing actual and potential conflicts of interest.

12. GIFTS AND HOSPITALITY

- 12.1. The Bribery Act 2010 came into force on 1 July 2011. The Act introduced offences for acts of bribery by individuals, or persons associated with relevant organisations. The College Anti-Fraud, Bribery and Corruption, and Money Laundering Policy should be consulted for more detail. The guiding principles to be followed by all members of staff must be:
 - the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest
 - the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that

they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

- 12.2. 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.
- 12.3. 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).
- 12.4. Hospitality to a value of £50 offered by suppliers may only be accepted with the approval of the Principal. The receipt of such hospitality shall be recorded by the Head of Governance.
- 12.5. 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 and reasons must be stated when submitting a claim for reimbursement. Levels of hospitality should be modest, and appropriate for the occasion.
- 12.6. Budget holders are not permitted to use College budgets to provide routine gifts to staff or stakeholders. In exceptional circumstances permission to purchase and give a gift can be obtained from the Principal or Vice Principal Finance and Resources. This must be obtained in writing in advance of the gift being purchased. Managers are permitted to reward learners from within their budgets, with the maximum amount of any single award being £25.
- 12.7. The Principal shall have delegated authority to approve a small number of events over the course of a year for staff, students, visitors and prospective students such as openings, exhibitions, welcome days and other promotional events. At such events, the responsible use of alcohol may be permitted, subject to the express prior approval of the Principal.
- 12.8. Arrangements for Governing Body events, training sessions, seminars and similar shall be approved by the Chair of Governors. Reasonable levels of refreshments including alcoholic drinks may be provided at purely social events such as farewell functions. However, alcohol shall not be permitted at meetings of the Governing Body, Committees or training events.

B. FINANCIAL MANAGEMENT AND CONTROL

13. FINANCIAL PLANNING

- 13.1. The Principal is responsible for preparing annually a rolling three-year financial plan for approval by the Corporation Board on the recommendation of the Finance and Resources Committee and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans approved by the Corporation Board and be able to satisfy them of the financial sustainability of the College.
- 13.2. The Vice Principal Finance and Resources shall for consideration by the Principal compile such financial estimates and forecasts in a form approved by the Corporation and in accordance with timescales determined by the Corporation and funding bodies.
- 13.3. The College will submit the agreed budget forecast information to ESFA in a form and manner specified by ESFA in the College Financial Planning Handbook.

13.4. Resource Allocation

Resources are allocated annually by the Corporation Board on the recommendation of the Finance and Resources Committee. Budget Holders are responsible for the economic, effective and efficient use of resources allocated to them, in line with these Financial Regulations.

13.5. Budget Preparation

The Vice Principal Finance and Resources is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Finance and Resources Committee before submission to the Corporation Board. The budget should also include cash flow forecasts for the year. The Vice Principal Finance and Resources must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to budget holders as soon as possible following their approval by the Corporation.

During the year, the Vice Principal Finance and Resources is responsible for submitting revised forecasts to the Finance and Resources Committee for consideration before submission to the Corporation for approval.

13.6. Capital Programmes

The College capital programme includes expenditure on land, buildings and associated costs whether or not they are funded from capital grants or capitalised inclusion in the College's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the Corporation Board via the Finance and Resources Committee.

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 Corporation Board.
- An initial budget for the project for submission to the Finance and Resources 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.

The Vice Principal Finance and Resources will set up a Capital Expenditure Checklist for any major capital expenditure (£100k) and ensure the necessary steps are followed and evidenced as such on the checklist.

Capital contract variations will be approved in line with the amounts included in the delegated authorities matrix at Appendix 1. The Vice Principal Finance and Resources will also establish procedures for the notification of large variations to the funding body, as laid down in funding body guidelines.

The Vice Principal Finance and Resources is responsible for providing regular statements concerning all capital expenditure to the Finance and Resources Committee for monitoring purposes.

Following completion of a capital project, a post-project evaluation or final report should be submitted to the Finance and Resources Committee including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project.

The post-project completion report will be the final part of the Capital Project checklist. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in the funding body guidelines.

13.7. Overseas Activity

In planning and undertaking overseas activity, the college will have due regard to the relevant guidelines issued by the funding body and any further guidelines the governing body may issue.

13.8. Other Major Developments

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £100,000 should be presented for approval to the governing body, with prior review by the Finance and Resources Committee.

The Vice Principal Finance and Resources will establish protocols for these major developments to enable them to be considered for approval by the governing body. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet.

14. FINANCIAL CONTROL

14.1. Budgetary Control

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

The Vice Principal Finance and Resources reserves the right to take control of a budget where there is a risk that expenditure will move about the financial envelope assigned.

14.2. Financial Information

Budget holders are assisted in their duties through cost centre expenditure information being provided by the Director of Finance on a monthly basis.

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

14.3. Budget Variations and Virements

The Principal may vary individual budgets within the limit of the overall budget subject to the effects of significant permanent variations being reported to the Finance and Resources Committee. Budget variations 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.

Departmental budget holders may request to vire funds between their delegated non-pay expenditure budgets.

The approvals for all budget variations and virements are set out within the delegated authorities matrix at Appendix 1.

14.4. Treatment of Year End Balances

At the year end, budget holders will not have the authority to carry forward a balance on their budget to the following year.

15. ACCOUNTING ARRANGEMENTS

15.1. Financial Year

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

15.2. Financial Statements

The annual report and accounts (financial statements) are prepared in accordance with the Statement of Recommended Practice 2019 Accounting for Further and Higher Education, Financial Reporting Standard 102 (FRS 102) and ESFA College Accounts Direction.

The accounts are audited in line with the Post-16 Audit Code of Practice.

15.3. Submissions to ESFA

The financial statements are submitted to the ESFA by 31 December and published on the College website by 31 January each year.

The College will submit a Finance Record to ESFA by 31 December each year.

Subsequent financial returns required will be submitted as published in the most recent College Financial Planning Handbook.

15.4. **Capitalisation and Depreciation**

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
Plant & Equipment	4 years or expected useful economic life, if this is different from 4 years
Computer Equipment	5 years or expected useful economic life, if this is different from 5 years
Fixtures & Fittings	10 years or expected useful economic life. If this is different from 10 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.

15.5. **Accounting Records**

The Vice Principal Finance and Resources is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities and in line with the College General Data Protection and Document Retention Policies.

Financial records shall be retained as follows:

Records	Retention Period
Signed accounts	Permanently
Audit reports	Permanently
Accounting	6 years

The Vice Principal Finance and Resources will make appropriate arrangements for the retention of electronic records. Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies.

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

15.6. **Taxation**

The Vice Principal Finance and Resources is responsible for advising budget holders, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues relating to the college. They will issue instructions to budget holders on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

The Vice Principal Finance and Resources is responsible for maintaining the college's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate. Adherence is verified during the external audit visits post year-end.

16. AUDIT REQUIREMENTS

16.1. General

Financial statements auditors and internal auditors shall have the authority to:

- Access college premises during normal office hours
- Access all assets, records, documents and correspondence relating to any financial and other transactions of the college
- Require and receive such explanations as are necessary concerning any matter under examination
- Require any employee of the college to account for cash, stores or any other college property under his or her control
- Access records belonging to third parties, such as contractors, when required.

The Vice Principal Finance and Resources is responsible for drawing up a timetable for final accounts purposes and will advise staff and the financial statements auditors accordingly.

Following consideration by the Finance and Resources Committee, the financial statements should be reviewed by the Audit and Risk Committee. On the recommendation of the Finance and Resources Committee and Audit and Risk Committee they will be submitted to the Corporation Board for approval.

16.2. Internal Audit

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

The College's financial memorandum with the funding body requires that it has an effective internal audit function, and their duties and responsibilities must be in accordance with advice set out in the funding body's Audit Code of Practice. The main responsibility of internal audit is to provide the Corporation Board, the Principal and senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the Corporation Board, Principal and Chair of the Audit and Risk Committee. The internal auditor will also comply with the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors*.

The appointment of internal auditors will be subject to a 3-year tendering cycle to ensure best value for money.

16.3. Financial Statements Audit

The financial statements audit for the college will take place annually and is the responsibility of the Corporation Board, who will be advised by the Audit and Risk Committee.

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

The appointment of external auditors will be subject to a 3-year tendering cycle to ensure best value for money.

16.4. **Value for Money**

It is a requirement of the financial memorandum that the Corporation Board of the College is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account the requirements and guidance issued by the funding body, HM Treasury, the National Audit Office, the Public Accounts Committee or other relevant bodies.

Value for Money is enshrined in the Managing Public Money document issued by HM Treasury.

Internal audit is to have regard to value for money in its programme of work. This will be used to enable the Audit and Risk Committee to refer to value for money in its annual report.

16.5. **Other Auditors**

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

17. TREASURY MANAGEMENT

17.1. **Treasury Management Policy**

The Corporation Board, following recommendation by the Finance and Resources Committee, is responsible for approving a treasury management policy setting out a strategy and policies for cash management, long-term investments and borrowings. This policy will comply with Managing Public Money rules regarding any new borrowing. No new commercial borrowing will be allowed unless permission for such is granted by the DfE. The Finance and Resources Committee has a responsibility to ensure implementation, monitoring and review of the policy.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Vice Principal Finance and Resources and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the college and shall conform to any relevant funding body requirements.

The Vice Principal Finance and Resources will report to the Finance and Resources Committee on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her through the management accounts reporting.

The policy will be reviewed on a biennial basis.

17.2. **Reserves Policy**

The Corporation Board, following recommendation by the Finance and Resources Committee, is responsible for approving a Reserves Policy, setting out the College's approach to retained reserves to ensure that the College maintains sufficient cash to enable it to maintain operations and provide sufficient headroom to cover shortfalls in financial performance whilst corrective actions are being taken.

The Vice Principal Finance and Resources is responsible for the drafting and implementation of this policy and will report performance within the management accounts and financial statements.

17.3. **Appointment of Bankers and Other Professional Advisers**

The Corporation Board is responsible for the appointment of the College's bankers and other professional financial advisers (such as investment managers) on the recommendation of the Finance and Resources Committee. The appointment shall be for a specified period after which consideration shall be given by the Finance and Resources Committee to competitively tendering the service.

17.4. Banking Arrangements

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

Only the Vice Principal Finance and Resources may open or close a bank account for dealing with the College's funds. All bank accounts shall be in the name of the College.

All cheques and authorisations for automated transfers on behalf of the college by direct debit, BACS or CHAPS must be approved / signed according to the mandate approved by the Principal. All require two signatures. Details of authorised persons and limits shall be provided for in the College's detailed financial procedures and in the delegated authorities matrix at Appendix 1 of these Financial Regulations.

The Vice Principal Finance and Resources is responsible for ensuring that all bank accounts are subject to regular conciliation and that large or unusual items are investigated as appropriate.

17.5. Cashflow

The Vice Principal Finance and Resources will prepare revenue and capital expenditure budgets for each financial year. A cash flow projection based on the budgets will be prepared and submitted to the Finance and Resources Committee for review before approval by Corporation Board.

The Director of Finance will monitor the College cashflows on a day-to-day basis and include undated cashflow statements within the monthly management accounts. Major variances will be explained, and any corrective actions taken, as agreed with the Vice Principal Finance and Resources.

Any short-term surplus shall be invested in line with the Treasury Management Policy.

18. INCOME

18.1. General

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

Levels of charges for consultancy, services rendered, goods supplied, and rents and lettings are determined by the Vice Principal Finance and Resources.

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

The Vice Principal Finance and Resources is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the College's accounts.

The Vice Principal Finance and Resources is responsible for ensuring that all claims for funds are made by the due date.

18.2. Maximisation of Income

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

18.3. Receipt of Cash, Cheques and Other Negotiable Instruments

All monies received within the College from whatever source must be recorded by the member of staff receiving the money on a daily basis together with the form in which they were received, for example, cash, cheques or other negotiable instrument.

All monies received must be paid to the finance office promptly, and in accordance with a timetable prescribed by the Director of Finance and set out in financial procedures.

The custody and transit of all monies received must comply with the requirements of the College's insurers.

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

Refunds of overpayment must be made through the payments system and not out of income.

18.4. Collection of Debts

The Vice Principal Finance and Resources will ensure that:

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

Active measures shall be taken to recover all debts due to the College and all staff shall assist the Vice Principal Finance and Resources in the provision of information for the recovery of debts. The Vice Principal Finance and Resources will approve credit arrangements and indicate the periods in which different types of invoices must be paid.

The approval limits for writing off debts is included in the delegated authorities matrix provided at Appendix 1. Records shall be kept of all debts written off, regardless of value.

Credit notes may be issued in line with the values for debt write-offs.

18.5. Tuition Fees

The procedures for collecting tuition related fees are detailed within the College [Fees and Charges Policy](#) which is approved by the Corporation Board on the recommendation of the Finance and Resources Committee. The Vice Principal Finance and Resources is responsible for ensuring that all tuition fees due to the College are received.

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

19. OTHER INCOME GENERATING ACTIVITY

19.1. Private Consultancies and Other Paid Work

Unless otherwise stated in a member of staff's contract:

- Outside consultancies or other paid work may not be accepted without the consent of the Principal.
- Applications for permission to undertake work as a purely private activity must be submitted to the Principal and include the following information:
 - The name of the member(s) of staff concerned
 - The title of the project and a brief description of the work involved
 - The proposed start date and duration of the work
 - Full details of any college resources required (for the calculation of the full economic cost)
 - An undertaking that the work will not interfere with the teaching and normal college duties of the member(s) of staff concerned.

19.2. Profitability and Recovery of Overheads

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

Other income-generating activities organised by members of staff must be supported by a fully costed business case and agreed with the Vice Principal Finance and Resources before any commitments are made. Provision must be made for charging both direct and indirect, in particular for the recovery of overheads.

19.3. Deficits

Any unplanned deficits incurred on other income-generating activities will be charged to the relevant cost centre funds.

19.4. Additional Payments to Staff

Any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the Principal.

19.5. Intellectual Property

All intellectual property, patents, copyrights or other rights or original work (invention) arising out of the normal course of employment or study, or whilst using College resources, are owned by the College unless otherwise agreed in writing by the Finance and Resources Committee.

The Principal must be notified immediately in writing of any invention and discoveries made by staff in the course of their work and will inform the Finance and Resources Committee. The Finance and Resources Committee will be responsible for establishing procedures to deal with any intellectual property etc. accruing to the College from inventions and discoveries made by staff.

20. EXPENDITURE

20.1. General

The Vice Principal Finance and Resources is responsible for making payments to suppliers of goods and services to the college.

20.2. Scheme of Delegation / Financial Authorities

All budget holders are responsible for purchases within their cost centre, however, purchasing authority may be delegated to named individuals within the cost centre. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures and remain responsible for the expenditure against their budget.

Under procedures agreed by Vice Principal Finance and Resources, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits (for electronic systems).

Budget holders are not authorised to commit the college to expenditure without first ensuring their cost centre has sufficient funds to meet the purchase cost.

20.3. Purchasing, Ordering and Expenditure Approval

For all purchases required, an order shall be placed on the College finance system by the relevant budget area and approved by the relevant person or persons as indicated by the delegated authorities matrix at Appendix 1.

Budget holders shall ensure that the 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 permitted in exceptional circumstances and approved by the Director of Finance. 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 provided to the Finance Team.

When purchasing 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. The approval limits in place for such sole supplier orders are provided at Appendix 1. The budget holder shall maintain a record of these circumstances for two years for inspection by internal and external audit.

Where an approved supplier has been selected and notified to staff following a competitive procurement exercise/tender, these suppliers must be used exclusively for the term of the agreement. Any variation from this must be approved by the Vice Principal Finance and Resources.

The College may choose to operate a list of preferred suppliers for whom an assessment of value for money and quality has been made. Where preferred suppliers are in place and used, the

requirement for obtaining quotes can be ignored, as the supplier is known and trusted to provide value for money. If the value of the order exceeds £25,000, then the additional quotes should be obtained (see paragraph 20.6).

On no account may official orders be used to obtain goods and services for private use by members of staff of the College.

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

20.4. Exceptions to the Requisition/Order

The College's catering department deals with FMCG (fast-moving consumer goods) suppliers who take orders either by telephone or face to face with sales representatives. In such cases, orders placed must be supported by a requisition which authorises this transaction as soon as is practicably possible.

20.5. Novel, Contentious or Repercussive Transactions

Any transactions that may be considered novel, contentious and/or repercussive must be referred to the DfE for prior approval. 'Novel' transactions are those of which the College has no experience or are outside its range of normal business. 'Contentious' transactions are those that might cause criticism of the College by Parliament, the public or media. 'Repercussive' transactions are those that may have wider financial implications for the sector, or which appear to create a precedent.

Any such transactions would require formal approval from the DfE. Only after such approval has been received can the transaction take place.

In the event that an employee considers a transaction to fall within the criteria above, or if they are unsure, advice should be sought from the Vice Principal Finance and Resources and the Principal before any commitment is made. If doubt remains, advice will be sought directly from the DfE.

20.6. Quotations, Contracting and Tendering

Phased Purchases

If a budget holder considers that the supply of goods and/or services to the College under what is in substance one transaction should be performed in or sub-divided into two or more distinct stages or contracts, the aggregate value of such distinct stages or contracts shall be used to determine the requisition value of the supply for the purposes of these regulations. In the event that the transaction and the aggregate value are such that competitive tenders are required tenders for an approximate quantity in respect of the entire contract shall be invited and accepted in the usual way, before a contract is negotiated with the successful contractor on the basis of his initial tender.

Maintenance

Where the College requires the supply of goods and/or services to be accompanied by the provision by the supplier of maintenance of the goods and/or services for a fee, and the value of the supply is such that competitive tenders are required, invitations to tender shall require tenders to specify maintenance fees and to describe arrangements by which such fees are proposed to be varied.

Procedure for Obtaining Estimates

- <£1,000 The budget holder shall obtain at least one quotation directly from a supplier.
- £1,000 to £5,000 At least two separate quotations should be obtained.
- £5,000 to £35,000 At least three separate quotations should be obtained.
- Over £35,000 Three written sealed competitive tenders are required and a written contract agreed. Contracts should not be subdivided in order to circumvent these regulations if the work is all part of the same project.

All values are stated exclusive of VAT.

The College may choose to operate a list of preferred suppliers for whom an assessment of value for money and quality has been made. Where preferred suppliers are in place the requirement for three quotes up to £35,000 is waived.

Items of equipment that have a value exceeding £1,000 may be classed as capital purchases (subject to specific accounting criteria being met) and will require authorisation by the Vice Principal Finance & Resources.

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 Vice Principal Finance and Resources. All such requirements should be first discussed with the Director of Estates and Facilities.

20.7. **Tendering Procedures**

At least three tenders must be received unless prior approval has been given by the Vice Principal Finance and Resources.

At least one member of the Executive Team should be involved in the tender process, including the final selection. The budget holder should prepare a tender evaluation schedule, and this must be approved by the relevant Executive Team member.

Invitations to tender shall state the nature and the purpose of the contract or sub-contract, the place at which tenders should be submitted and the date and time beyond which tenders will not be accepted.

Every invitation to tender shall indicate that the College does not bind itself to accept or nominate the lowest or any tender where payment is made by the College or the highest, or any tender, where payment is to be made to the College.

Tenders shall be opened and recorded by the Director of Finance, or their nominated deputy in the presence of a member of staff acting as a witness.

No tender received after the time and date by which it is to be received, shall be opened except in exceptional circumstances, where the prior approval of the Principal or Vice Principal Finance and Resources has been obtained.

On completion of the tender opening the Director of Finance or their nominee and the witness should both sign and date the schedule, on which the prices quoted in each tender are recorded.

The recorded schedule should indicate:

- The name of all firms invited to tender
- The name of and number of firms from which tenders have been received
- The date on which tenders were opened

- The record shall be signed by the persons at the opening

20.8. **Acceptance of Tenders**

When tenders have been received under the procedures referred required by these Regulations the Executive Team member may either:

- Accept the lowest tender when payment is to be made by the College; or
- If they are satisfied that to do so is in the best interest of the College, negotiate with any tenderer prior to a final decision; provided such post tender negotiations with candidates or tenderers are held only for the purpose of clarifying or supplementing the content of their tenders or the requirements of the college and provided this does not involve discrimination or distortion of competition.

Or

- If they are satisfied that to do so is in the best interests of the College, and is in line with the previously published assessment criteria for that tender, authorise the acceptance of a tender other than the lowest when payment is to be made by the College; or
- Refuse all tenders.

The reasons for accepting the tender chosen should be recorded. The Tender Selection must be approved by the Principal for contracts up to a value of £100,000. For contracts above £100,000 approval of the Finance and Resources Committee is required.

20.9. **Contract Documentation**

Every contract shall be evidenced by a written acceptance of a written offer within five working days thereafter.

Every contract shall:

- Specify the services to be provided and/or the goods or materials to be purchased or sold as the case may be;
- State the price to be paid by or to the College with a statement of discounts or other deductions;
- State the time or times in which the contract is to be performed or the duration of the contract;
- Wherever practicable, contain or refer to a definite specification (including a specification of service level and/or quality to be delivered to or provided by the College);
- Be signed by the Principal or Vice Principal Finance and Resources on behalf of the College;
- In instances where suppliers submit their own form of contract for signature, the contract must be referred to the Principal or Vice Principal Finance and Resources who shall ensure that the terms and conditions are acceptable and sign the contract;
- 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.

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.

The Director of Finance will maintain a register of all College Contracts.

20.10. **UK Regulations**

The Vice Principal Finance and Resources is responsible for ensuring the College complies with its legal obligations concerning UK procurement legislation, including proposed changes to the Procurement Act 2023, which comes into effect in February 2025. This includes the requirement to report contracts and tenders on Find a Tender.

UK procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value. The Director of Finance or Vice Principal Finance and Resources will advise budget holders on the thresholds that are currently in operation. A breach of these regulations is actionable by a supplier or potential supplier.

20.11. Subcontracting

All subcontracting agreements shall be in accordance with the [Subcontracting Policy](#) agreed by the Corporation Board, and in accordance with appropriate guidance issued by the ESFA.

The ESFA 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 ESFA 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.

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 Deputy Principal. All subcontracts entered into must be in the form of the model contract.

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

20.12. Indemnities, Guarantees and Letters of Comfort (Contingent Liabilities)

Indemnities are classified as a contractual agreement of one party (indemnifier) to accept the risk of damage or loss suffered by another party and to compensate the other party (indemnity holder). Letters of comfort are defined as documents that give rise to moral and sometimes legal obligations. They should therefore be treated in the same way as any other proposal, which may create a liability. Guarantees are classed as another type of contingent liability where a guarantor takes responsibility for the debt or performance obligations of another party.

Indemnities arising in the normal course of business do not require DfE approval. This is likely to address the majority of commercial contracts entered into by colleges. In these cases, Colleges should follow their normal internal approval procedures.

Where indemnities beyond the normal course of business, guarantees and letters of comfort in excess of the two points below are to be made, then consent must be sought from DfE.

- 1% of annual income or £45,000 (whichever is smaller) individually; and
- 5% of annual income for cumulative such contingent liabilities (subject to a cumulative ceiling for the academic year of £25,000).

20.13. Receipt of Goods and Services

Budget holders are responsible for ensuring the safe and satisfactory receipt of goods and services which they have ordered. Suppliers are required to notify the budget holder in writing if they cannot supply the order and any subsequent changes to the order shall be confirmed by the budget holder.

The receipt of goods or services, where applicable, shall be checked by the Budget Holder, or their nominee, against any supplier, delivery or advice note presented. If no delivery/advice note is presented then the Budget Holder or their 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 their nominee with the supplier immediately, except when it is clearly established that the delivery only meets part of the order.

All employees are required to take reasonable care to prevent short weight 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.

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.

20.14. Payment of Invoices

The Vice Principal Finance and Resources shall be responsible to the Principal for all payments made by or on behalf of the College.

All invoices for payment shall be sent to the Finance Team, who will agree the invoices to purchase orders and delivery /advice notes. Budget holders shall be required to provide explanations of any difference.

Budget holders shall be required to authorise invoices for payment and by doing so are certifying that they have carried out checks of the goods or services or assured themselves that these checks have been carried out on their behalf.

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.

Any invoice which is under dispute by a budget holder must be reported and returned to finance staff.

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.

21. METHODS OF PAYMENT

- 21.1. Payments should be made using College suitably authorised electronic transfer where possible. Payment by cheque and petty cash can be made in certain circumstances approved by the Director of Finance. Cheques and cash are kept securely and have restricted access. All cheques presented for signature shall be accompanied by back-up documentation, which will be signed by two approved signatories in accordance with the bank mandate. Wherever possible cheques should not be signed by the person who has authorised the payment.

21.2. College Credit Cards

The Vice Principal Finance and Resources shall make all the arrangements with the College's bankers concerning the issue of credit cards for the College.

The card will be set a spending limit, which shall not be exceeded. The Vice Principal Finance and Resources shall be responsible for setting and reviewing the limit with the card provider. The college credit cards issued must only be used for official College business. The use of the card for personal purchases, except for payments relating to subsistence or travel whilst on official college business travel, is strictly forbidden and any such use will be treated as a disciplinary offence.

Under no circumstances should alcohol be purchased using a College credit card.

All cardholders are responsible for the security and use of the card issued to them.

21.3. Petty Cash

Petty cash floats may occasionally be issued to staff, who are responsible for their security and for maintaining appropriate records relating to their use. Expenditure must be supported by receipts or vouchers. It is important for security purposes that petty cash floats are kept to a minimum.

A regular petty cash reconciliation shall be carried out by finance staff. This is subject to independent review by the Director of Finance which must be evidenced. The result of the petty cash reconciliation shall be reported to the Vice Principal Finance & Resources.

No income shall be paid into a petty cash account, and petty cash expenditure and floats are limited to £1,000. Larger expenditure and floats may be permitted only in exceptional circumstances with prior permission of the Vice Principal Finance and Resources. A float may be recalled at any time, and explanations relating to its use asked for by Finance Staff.

21.4. Late Payment Rules

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

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

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

21.5. Security of Cash, Cheques, Credit Card and Other Negotiable Instructions

All cash, cheques, credit card or other negotiable instruments whether as part of income for disbursement or any other purpose shall be kept secure and safeguarded.

Accountability for cash, cheques or other negotiable instruments collected as income or held for disbursement or 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

Maximum limits for all monies held overnight for whatever purpose shall be agreed with the Vice Principal Finance & Resources and shall not be exceeded without express permission.

The Vice Principal 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.

The Vice Principal 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.

22. PAY EXPENDITURE

22.1. Remuneration Policy

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

Salaries and other benefits for senior post holders and the Head of Governance will be determined by the Corporation Board following the recommendations of the Remuneration Committee. The College adopted the AoC College's Senior Post Holders Remuneration Code.

The College shall adhere to the senior pay controls as set out by the ESFA.

22.2. Salaries

All staff appointments shall be made in accordance with approved policies, budgets, grades and rates of pay.

The Director of Human Resources and Vice Principal Finance & Resources shall make arrangements to pay all salaries, wages, superannuation, benefits, compensation and other emoluments, properly payable by the College.

All budget holders shall notify the Director of Human Resources as soon as possible using the approved College templates of all matters in relation to appointments, absence, superannuation etc. for all employees in their area.

Each budget holder shall be responsible for authorising and ensuring the correct completion of timesheets and overtime claims for employees under their control.

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 need to delegate the certification of pay documents, they shall inform the Director of Human Resources and shall supply specimen signatures.

Payments of salaries and wages shall be made through the Payroll Bureau.

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 Human Resources and Vice Principal Finance and Resources.

All salary claims must be made on the appropriate claim forms. Payment will be withheld unless all sections are completed.

Sickness must be notified to the Director of Human Resources in accordance with the College policy. Leave of absence/holiday must be pre-authorised using the College system.

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.

The College will comply with the contractual arrangement for payroll services entered into with the Payroll Bureau. The Vice Principal Finance and Resources will authorise all payments for that service. Day-to-day liaison over matters affecting pay must be dealt with through the Director of Human Resources.

Statutory returns relating to payroll prepared on the College's behalf by the Payroll Bureau shall be authorised by the Vice Principal Finance and Resources.

22.3. Superannuation Schemes

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

The Vice Principal Finance and Resources is responsible for day-to-day pension matters, including:

- Paying contributions to various authorised pension schemes
- Preparing the annual return to various pension schemes
- Informing employees of the pension schemes and changes to the terms and conditions thereof
- Making the correct pension deductions from employees pay.

22.4. Travel, Subsistence and Other minor Expenses

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed and approved in line with the College Travel and Expenses Procedure.

Budget Holders shall be responsible for authorising all travel 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 Travel and Expenses Procedure.

No expenses will be paid for use of any employee's own car if they have not arranged insurance for business use; documentary evidence of this must be provided in advance and subsequently on an annual basis to the Finance Team.

All travel and subsistence claims should normally be made monthly via the Derwentside App (Staff Travel system). Claims must be approved 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.

Governors claims for reimbursement of travel and subsistence expenses incurred in the course of their official duties must be certified by the Principal or the Vice Principal Finance and Resources. In the case of the Chair, the claim should be certified by the Principal.

Staff may not use the College post, telephone, photocopying or other facilities for personal use except in the following circumstances:

- The College telephone may be used for brief, local calls.
- Photocopying for one-off occasional personal copies. All other use must be by prior permission and be paid for at the normal commercial rate.

22.5. Overseas Travel

Arrangements for overseas travel must be approved by the Principal in advance of committing the College to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Principal or members of the governing body shall be approved by the Chair of the Corporation Board. Arrangements for travel by the chair shall be approved by the Finance and Resources Committee.

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

22.6. Special Payments

Certain transactions by public bodies may fall outside of the usual planned range of activity and may exceed statutory and contractual obligations. These are referred to as special payments, and they are subject to greater control than other payments. They include:

- Staff severance payments
- Compensation payments
- Ex gratia, extra contractual, extra statutory and extra regulatory payments.

Staff Severance Payments

Special staff severance payments are paid to employees outside statutory or contractual requirements when leaving public employment. Any special severance payments must be considered appropriate in the circumstances they are made and of an appropriate value. The process of making the payment must be documented including evidence of why the payment is appropriate. Legal and HR advice sought must be taken and documented. Any confidentiality clauses must respect the individuals' rights under the Public Interest Disclosure Act.

The College has delegated authority to make special severance payments up to certain limits. Beyond these limits, they must be referred to DfE for approval in advance. DfE approval is required for special staff severance payments where any of the following scenarios arise individually or collectively:

- The proposed special staff severance payment is for £50,000 or more (gross, before income tax or other deductions).
- The proposed special staff severance payment is equivalent to 3 months' salary or more (gross, before income tax or other deductions).
- An exit package which includes a special staff severance payment is at, or above, £100,000.
- The employee earns over £150,000.

Additionally, irrespective of the amount of money involved any proposed payments linked to a non-disclosure agreement will require DfE approval. In turn DfE may need to consult HMT. Any proposed payment must not be entered into until the college has received documented permission from DfE.

Compensation Payments

Compensation payments provide redress for loss or injury, for example personal injuries or damage to property. Where a compensation payment is being considered, the College decision must base its decision on a careful appraisal, including legal advice where relevant, to ensure value for money.

The College has delegated authority to approved individual compensation payments, provided any non-statutory or non-contractual element is under £50,000. Where the College is considering a non-statutory or non-contractual payment of £50,000 or more, DfE prior approval must be sought. DfE may refer such transactions to HM Treasury.

Ex-gratia, Extra Contractual, Extra Statutory or Extra Regulatory Payments

Ex gratia payments are another type of transaction going beyond statutory or contractual cover, or administrative rules. Such payments are essentially voluntary and are sometimes made as a gesture of goodwill rather than from any formal obligation.

Extra- contractual payments are those which, though not legally due under contract, appear to place an obligation which the courts may uphold. They typically arise from an organisation's action or inaction in relation to a contract.

Extra-statutory and extra-regulatory payments are within the broad intention of the statute or regulation, respectively, but go beyond a strict interpretation of its terms.

Ex gratia, extra-contractual, extra-statutory payments and extra-regulatory payments must always be referred to the DfE for prior approval, irrespective of the amount.

23. ASSETS

- 23.1. The Principal shall be accountable for arranging proper security of all buildings, stores, furniture, equipment and all other assets of the College.

23.2. Land, Buildings, Fixed Plant and Machinery

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

23.3. Fixed Asset Register

The Vice Principal Finance and Resources is responsible for maintaining, and ensuring the accuracy of, the College's assets register of equipment. Budget holders will provide any information he or she may need to maintain the register.

23.4. Inventories

Budget holders are responsible for maintaining inventories, in a form prescribed by the Vice Principal Finance and Resources, for all plant, equipment, furniture and stores in their departments with a value in excess of £500. The inventory must include items donated or held on trust.

The Vice Principal Finance and Resources may at any time require inventory details for accounting reasons. The Director of Estates and Facilities shall ensure that a physical check of inventories is carried out at least annually.

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

23.5. Safeguarding Assets

Budget holders are responsible for the care, custody and security of the buildings, equipment, stores, furniture, cash, etc under their control. They will consult the Vice Principal Finance and

Resources in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

The Director of Estates and Facilities is responsible for arranging security for property owned by third parties lent, hired or leased to the College.

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

Budget holders shall ensure that all theft, and losses of fixed assets are promptly reported to Director of Estates and Facilities.

23.6. Personal Use

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

23.7. Asset Disposal

No property shall be disposed of except on the authority of:

- The Vice Principal Finance and Resources on the recommendation of the appropriate budget holder, if the higher of the book value or the current value of the open market of each item is not estimated to exceed £5,000.
- The Principal, if the higher of the book value or the current open market value of each item is estimated to exceed £5,000.

Except when the College transfers any assets to another charity with the same or similar purposes, it must achieve the best price that can reasonably be obtained, while maintaining the principles of regularity, propriety and value for money.

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

Any property which is disposed of under these Regulations shall comply with any directives, requirements and guidance issued by the appointed Government funding body.

23.8. All Other Assets

Budget holders are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the college, including electronic data.

The values for the capitalisation and depreciation of assets are included at paragraph 15.3 of these regulations.

24. OTHER

24.1. Gifts, Benefactions and Donations

The Vice Principal Finance and Resources is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the college and initiating claims for recovery of tax where appropriate.

24.2. Leases

DfE approval is not required for entering into either finance or operating leases, but the College must ensure any lease maintains the principles of regularity, propriety and value for money. Budget holders should seek advice from the Director of Finance or the Vice Principal Finance and Resources if considering a lease. Approvals will follow the delegated approvals included at Appendix 1.

24.3. College Vehicles

The Director of Estates and Facilities is responsible for the control and security of the College vehicles. No College vehicle shall be assigned to an individual member of staff. College vehicles are to be used for College business only.

24.4. Student Welfare and Access Funds

The Vice Principal Finance and Resources Finance will prescribe the format for recording the use of student welfare funds. Records of learner support funds will be maintained according to funding body requirements. The Financial Support for Learners Policy sets out the College approach.

24.5. Companies and Joint Ventures

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

The approval of the funding body is required before a company or a joint venture can be established. The Corporation Board is responsible for ensuring that the appropriate legal and professional advice is sought and that required procedures are followed.

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

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

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

24.6. Security

Persons who hold keys to safes or other similar containers are responsible for ensuring their safe keeping at all times. The loss of such keys must be reported to the Vice Principal Finance and Resources immediately.

The Technology and Innovation Manager has responsibility for the security of the College network and data files. The Vice Principal Finance and Resources has responsibility to ensure compliance with the General Data Protection Regulations (GDPR). All employees are responsible for ensuring that the computer usage 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 Technology and Innovation Manager. The [College General Data Protection Policy](#) should be consulted for further detail.

The Vice Principal Finance and Resources is responsible for the safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Vice Principal Finance and Resources.

APPENDIX 1

Delegated authority matrix and explanatory notes

- The tables on the following pages detail the signing authority / approval limits which can be delegated to colleagues.
- When items are submitted to an authorised signatory for approval, it should be clear what approval is being sought.
- For higher value approvals, the approval must be cumulative, i.e. where approval is sought from an approver with a higher limit, the request must include confirmation that the requester would have approved if it had been within their limit. For example, when referring approvals to Finance and Resources Committee, the Principal (and VP F&R) would provide that confirmation.
- For DfE approvals, the internal approvals must also be in place before referring to DfE.
- The values in this matrix are inclusive of VAT and denote maximum approval values, unless otherwise stated.

Short term absence cover

- The Vice Principal Finance and Resources will cover approvals for the Director of Finance
- The Deputy Principal will cover approvals for the Principal
- The Principal will cover approvals for the Vice Principal Finance and Resources

Efforts will be made to minimise the requirement for approvals delegations, noting that it is unavoidable at certain times of the year.

Category	Budget Holder	Finance Manager	Director of Finance	Vice Principal F&R / CFO	Principal / CEO	Finance & Resources Committee	Remuneration Committee	Corporation Board	DfE
Budgetary Control									
Budget Virements – non pay delegated budgets and within approved budget			£5,000	£50,000	£150,000	>£150,000			
Budget Virements – centrally held budgets, including virements between pay and non-pay budgets, within overall approved budget				£50,000	£150,000	>£150,000			
Budget changes – additional income or expenditure				£50,000	£150,000	>£150,000			
Treasury Management									
Appointment of college bankers and other professional financial advisers.						x		x	
Bank mandate changes					x				
Opening a college bank account				x					
Cheques and automated transfers		Two signatories from mandate							
Income									
Approval of credit agreements and payment periods				x					
Income generating activities involving consultancy or other paid work					x				
Proposals involving additional payments to staff					x				
Debt write-offs and credit notes									
Write off irrecoverable debts and issue of credit notes (individual values)			£1,000	£10,000	£20,000	£45,000			>£45,000
Cumulative value for annual write-offs is smaller of 5% of income or £250k									£250,000
Non-pay expenditure									
Purchase requisitions	£1,000		£5,000	£35,000	£100,000	>£100,000			
Authorisation of sole supplier orders			£1,000	£10,000	£50,000				
Contract signatures				x	x				
Tenders (threshold £35,000)									
Approval of less than three tenders				either					
Contract tender approvals (not capital)					£100,000	>£100,000			
Contract signatures following tender award				either					

Capital									
Capital programmes and budgets						ALL		ALL	
Capital expenditure orders following capital projects approval	£1,000		£5,000	£35,000	£150,000	>£150,000			
Capital contract variations				£35,000	£150,000	>£150,000			
Category	Budget Holder	Finance Manager	Director of Finance	Vice Principal F&R / CFO	Principal / CEO	Finance & Resources Committee	Remuneration Committee	Corporation Board	DfE
Assets									
Asset disposal				£5,000	>£5,000				
Pay expenditure					x		SPH		
Staff recruitment and appointment to vacancies									
Special severance payments (consult para 22.6 for further detail on requirements)					£50,000 in certain circumstances				Over £50,000
Variation of pay and conditions (not SPH)					x				
SPH pay and conditions							x		
Additional payments to staff					x				
Compensation payments (non-statutory, non-contractual) - consult para 22.6 for further detail on approvals required					<£50,000				>£50,000
Deviations from the Financial Regulations			£1,000	£10,000	£50,000	Over £50,000			
Contingent liabilities					£45,000				>£45,000
Novel, contentious or repercussive transactions									x
Travel, subsistence and other expenses – staff should consult the latest Travel and Expenses Policy									