

# Telford College

## Financial Regulations

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# FOREWORD

To conduct its business effectively, an institution needs to ensure that it has sound financial management systems in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations which set out the financial policies of the institution.

Financial regulations make good business sense, and for further and higher education institutions, they have additional significance as their grant funding depends upon it. The financial memoranda between funding bodies and the institutions they fund makes it a condition of grant that an institution ensures that it has a sound system of internal financial management, and control and financial regulations are a core component of such a system. Similarly, funding body audit services are required to give an assurance that institutions have fully documented financial procedures in place and the funding body may withhold grant where this cannot be shown to be the case.

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# TERMINOLOGY

The following general terms have been used in this guide.

## AUDIT COMMITTEE

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

## FUNDING BODY

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This normally refers to the Education and Skills Funding Agency (ESFA).

## GOVERNING BODY

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The Board of Governors ultimately responsible for the affairs of the institution, this is also referred to as "the Corporation".

## PRINCIPAL & CEO

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The person with the ultimate executive responsibility for the management of the institution. The Principal is also the Chief Accounting Officer.

## DEPUTY CEO

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The Deputy CEO's role is to deputise for the Principal when required and to oversee the business operations of the College's Services team.

## **DIRECTOR/HEAD/ASSISTANT PRINCIPAL/VICE PRINCIPAL**

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The head of an academic faculty or non-academic department of the institution who is responsible for the whole faculty or department budget. For clarification, the above titles refer to the most senior member of the department regardless of the exact title (titles will be updated at each version update where applicable).

## **EXECUTIVE LEADERSHIP TEAM (ELT)**

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This is constituted by the Principal (CEO), Deputy CEO and Vice Principals.

# FINANCIAL REGULATIONS

## A GENERAL PROVISIONS

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### 1 Background

**1.1** The institution is a further education corporation created under the provisions of the Further and Higher Education Act 1992 as amended by the Education Act 2011. Its structure of governance is laid down in the instrument and articles of government, which may only be amended by formal approval of the Corporation. The institution is accountable through the Corporation, which has ultimate responsibility for the effectiveness of its management and administration.

**1.2** The institution is an exempt charity by virtue of the Charities Act 1993 as amended by the Charities Act 2011.

**1.3** The funding agreement between the funding body and the institution sets out the terms and conditions on which grant is made. The Corporation is responsible for ensuring that conditions of grant are met. As part of this process, the institution must adhere to the funding body's audit code of practice, which requires it to have sound systems of financial and management control. The financial regulations of the institution form part of this overall system of accountability.

### 2 Status of Financial Regulations

**2.1** This document sets out the institution's financial regulations. It translates into practical guidance on the institution's broad policies relating to financial control. It applies to the institution and all its subsidiary undertakings.

**2.2** These financial regulations are subordinate to the institution's instruments and articles of government and to any restrictions contained within the institution's funding agreement with the funding body and the funding body's audit code of practice.

**2.3** The purpose of these financial regulations is to provide control over the totality of the institution's resources and provide management with assurances that the resources are being properly applied for the achievement of the institution's strategic plan and business objectives:

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

- Safeguarding the assets of the institution.

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

**2.5** The Corporation is responsible for maintaining a continuous review of the financial regulations.

**2.6** In exceptional circumstances, this group may consider and recommend a departure from the detailed provisions herein to the Corporation.

**2.7** The institution's detailed financial procedures set out precisely how these regulations will be implemented and are contained in a separate manual which is available from the Finance Department.

### **3 The Board of Governors, the Corporation**

**3.1** The Corporation is responsible for the management and administration of the institution. Its financial responsibilities are to:

- Ensure the solvency of the institution and the safeguarding of the institution's assets
- Appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and other 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 institution are appropriate and sufficient to safeguard public funds
- Approve the appointment of external auditors and an internal audit service
- Secure the efficient, economical and effective management of all the institution's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the institution 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
- Approve tuition fees
- Ensure that the institution complies with the funding body's audit code of practice
- Approve the institution's strategic plan
- Approve the annual financial statements.

### **4 The Principal**

**4.1** The Principal is the institution's designated officer. He is responsible for:

- Preparing annual capital and revenue budgets before the start of each financial year
- Preparing the financial plans which include a forecast for the current year plus two years of budgeted projection.
- Ensuring the financial administration of the institution's affairs in accordance with the funding agreement with the funding body.

As the designated officer, the Principal may be required to justify any of the institution's financial matters to the Public Accounts Committee at the House of Commons (or equivalent bodies in Scotland and Wales).



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

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

The Principal shall demonstrate their oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual financial statements, and the cover sheet of the financial plan (which include a forecast for the current year plus two years of budgeted projection) submitted to the funding body.

## **5 Governance structure**

**5.1** The Corporation has ultimate responsibility for the institution’s finances, but delegates specific powers and processes to the committees/groups detailed below, which are accountable to the Corporation.

### **5.2 Audit Committee**

Institutions are required by their funding agreement with the funding body and by the funding body’s audit code of practice to appoint an audit committee. The committee is independent, advisory and reports to the Corporation. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The audit requirements of the institution are set out in the funding body’s audit code of practice.

### **5.3 Remuneration Committee**

Consideration of senior post holders’ pay and conditions is the responsibility of this committee. It has the power to make recommendations to the Corporation on their remuneration, including pay and other benefits, as well as contractual arrangements.

### **5.4 Search Committee**

The Search Committee only meets as and when required. It is responsible for:

- Advising the Corporation on the appointment of members in the category of business, community, local authority and co-opted members.
- Determining the process whereby candidates are nominated having regard to the provisions of the Instruments of Government.
- Seeking candidates from as wide a field as possible by making appropriate use of advertising, executive search and consultation with interested bodies and serving members.

- Considering the process for seeking new members for the next available period of office. This is done in consultation with other Corporation members so that their views as a whole may be taken into account.

## **6 Other senior managers with financial responsibility**

### **6.1 Deputy CEO**

The Deputy CEO's role is to deputise for the Principal when required. They are a member of the Executive Leadership Team and is responsible to the Principal for the running and efficient management of the Business Services departments, Quality and Employer Engagement. Along with the Principal, the Deputy CEO is also responsible for liaison with the College's key financial stakeholders.

### **6.2 Directors, Heads, Assistant Principals and Vice Principals**

The Directors, Heads, Assistant Principals and Vice Principals are responsible to the Principal and Deputy CEO for the financial management of the areas or activities they control. They are advised by the Head of Finance and the Head of MIS in executing their financial duties. The Head of Finance will also supervise and approve the financial systems operating within their departments including the form in which accounts and financial records are kept. They are responsible for establishing and maintaining clear lines of responsibility within their departments for all financial matters. Where resources are devolved to budget holders, they are accountable to their Director for their own budget.

Directors shall provide the Head of Finance with such information as may be required to enable:

- Compilation of the institution's financial statements
- Implementation of financial planning
- Implementation of audit and financial reviews, projects and value for money studies.

The following postholder also has additional financial responsibilities:

### **6.3 Head of Finance**

The Head of Finance is responsible to the Vice Principal Finance & Resources for

- Preparing monthly management accounts and management information.
- Monitoring and control of expenditure against budgets
- Preparing the institution's annual accounts and other financial statements and accounts which the institution is required to submit to other authorities
- Ensuring that the institution maintains satisfactory financial systems
- Providing professional advice on all matters relating to financial policies and

procedures

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

#### **6.4 All members of staff**

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

They shall ensure they are aware of the institution's financial authority limits and the values of purchases for which quotations and tenders are required ([see section 18](#)).

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

They shall provide the Head of Finance with such financial and other information as they may deem necessary, from time to time, to carry out the requirements of the Corporation.

They shall immediately notify the Head of Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning, among other things, cash or property of the institution. The Head of Finance shall inform the Vice Principal Finance & Resources and take such steps considered necessary by way of investigation and report.

It is the responsibility of all staff to make all reasonable efforts to ensure that evidence is maintained and available for audit.

### **7 Risk management**

**7.1** The institution 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 institution will be set out in a separate Risk Management Policy.

**7.2** The Corporation has overall responsibility for ensuring there are risk management strategies and a common approach to the management of risk throughout the institution through the development, implementation and embedment within the organisation of a formal, structured risk management process.

**7.3** In line with this policy, the Corporation requires that the risk management strategy and supporting procedures include:

- The adoption of common terminology in relation to the definition of risk and risk management
- The establishment of institution-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis

- A decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes (see above)
- A decision on the level of risk to be covered by insurance (see Section 22)
- Detailed regular review at directorate 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 Corporation of all the risks that are above established tolerance levels
- An annual review of the implementation of risk management arrangements

The Corporation ensures risk management and board assurance framework policies are in place and will receive an annual report on risk management.

The strategy and procedures must be capable of independent verification.

**7.4** Directors must ensure that any agreements negotiated within their directorates with external bodies cover any legal liabilities to which the institution may be exposed. The advice of the Vice Principal Finance & Resources should be sought to ensure that this is the case.

## **8 Whistleblowing**

**8.1** The Corporation has adopted a formal policy on the disclosure of information relating to concerns of serious malpractice or impropriety in the workplace such as fraud, bribery, criminal activity and serious breaches of health and safety. The policy is known as the Whistleblowing Policy and can be obtained from the Clerk to the Corporation and the College's Website.

## **9 Code of Conduct**

**9.1** The institution is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe. These principles are set out at Appendix C. In addition, the institution expects that staff at all levels will observe its code of conduct, contained within their contracts of employment in the paragraphs on Exclusivity of Service, Confidentiality, Copyright, and Inventions and Patents and in its Personnel handbook, which covers:

- Probity and propriety
- Selflessness, objectivity and honesty
- Relationships.

**9.2** Additionally, members of the Corporation, senior management or those involved in procurement are required to disclose interests in the institution's register of interests. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly. The register is maintained by the Clerk to the Corporation and is also published on the College's website. Declarations are also sought at every individual meeting of the Corporations and its committees/groups.

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

#### **9.4 Corporate hospitality**

In line with the requirements of the Bribery Act 2010 the College needs to be aware of all hospitality offered to employees and needs to approve the offering of hospitality to companies or other external bodies. Approval must be received from ELT prior to accepting any hospitality offered and prior to offering any hospitality. Details of both will be held on a central register and inspected by the Vice Principal Finance & Resources and the College's Internal Audit provider. The College's anti-bribery policy can be found on the College's Website.

#### **9.5 Receiving of gifts**

All gifts received from external bodies must be declared so that management can decide if it is appropriate to accept the gift or if it could be seen as an inducement or bribe. The decision will be recorded on a register of gifts and inspected by the Vice Principal Finance & Resources and the College's Internal Audit provider. The College's receipt of Gifts policy can be accessed on the College's Website.

#### **9.6 Reporting requirements in the cases of fraud or irregularity**

Telford College requires staff at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. Fraud is an ever-present threat to those resources and therefore must be a concern to staff. The College will not accept any level of fraud and corruption; consequently, any case will be thoroughly investigated and dealt with appropriately. The College's responsibilities regarding the prevention of fraud and the procedures to be followed where a fraud is discovered or suspected are detailed in the College's Anti-Fraud Policy which can be accessed on the College's Website. This policy Supplements the College's policies on Whistleblowing, Anti-Bribery and Corruption Policy, Disciplinary Policy and Financial Regulations and, as such, should be read in conjunction.

## **10 Financial planning**

**10.1** The Head of Finance is responsible for preparing annually a three year financial forecast (which includes a forecast for the current year plus two years of budgeted projection) for approval by the Board of Governors and for submitting the financial forecasts to the grant-funding bodies. The financial forecasts should be consistent with the Strategic Plans and Estates Strategy approved by the Corporation.

Before the beginning of each financial year, the College budget shall be prepared under the direction of the Vice Principal Finance & Resources for subsequent submission to the Corporation for their consideration and approval.

Once the Corporation has approved the annual estimates of income and expenditure, the Principal is authorised to incur expenditure in accordance with the Financial Regulations and approved budgets.

At the approval of the budgets, limits will be set on budget heads and on the overall surplus/deficit whereby if decisions made by the Management will cause the overall College surplus to vary adversely, approval and amended budgets will be considered by the Corporation)

New project funding in excess of £500K should have a business plan considered by the Corporation) and any contribution anticipated added to the year's forecast surplus. The Corporation should also consider use of any such contribution for other purposes.

### **10.2 Budget objectives**

The Corporation will, from time to time, set budget objectives for the institution. These will help the Head of Finance in preparing more detailed financial plans for the institution.

### **10.3 Resource allocation**

Resources are allocated annually by the Corporation on the basis of the above objectives. Directors are responsible for the economic, effective and efficient use of resources allocated to them.

### **10.4 Budget preparation**

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

During the year, the Vice Principal Finance & Resources is responsible for submitting revised budgets to the Corporation for approval.

### **10.5 Budgetary control**

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

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

### **10.6 Changes to the approved budget**

Changes proposed to the approved budget will be considered by the Corporation, unless they fall within the delegated approval arrangements:

- Principal £50,000

### **10.7 Capital programmes**

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

Expenditure from devolved "consumable" budgets will only be defined as "Capital" with the agreement of the Head of Finance who will make the appropriate budgetary adjustments.

Replacement furniture and long-term maintenance projects will normally be classified as revenue expenditure.

The Vice Principal Finance & Resources will establish protocols for the inclusion of capital projects in the capital programme for approval by the Corporation. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet.

The Vice Principal Finance & Resources will also establish procedures for the approval of variations, including the notification of large variations to the funding body, as laid down in funding body guidelines.

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

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

### **10.8 Overseas activity**

In planning and undertaking overseas activity, the institution must have due regard to the relevant guidelines issued by the funding body.

### **10.9 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 £50,000 shall be presented for approval the Corporation.

The Vice Principal Finance & Resources will establish protocols for these major developments to enable them to be considered for approval by the Corporation. 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.

Proposed capital projects over £500,000 in value should be supported by:

- A statement which demonstrates the project's consistency with the strategic plans and accommodation strategy approved by the Corporation;
- An initial budget for the project for submission to the Senior Leadership Team. The budget should include a break-down of costs including professional fees, VAT and funding sources;
- A financial evaluation of the plans together with their impact on revenue where appropriate using an investment appraisal based on Funding Council guidance plus advice on the impact of alternative plans;
- A demonstration of compliance with normal tendering procedures and Funding Council regulations;
- A cash flow forecast.

Selected capital projects will be subject to a performance review.

All major capital building projects will be the subject of a post project investment appraisal.

### **10.10 Project Management**

Prior to commencement, capital investment projects involving expenditure greater than £500,000 shall have a project management structure considered by the Corporation.

- The procedure for appointment of professional advisers;



- The terms of reference for professional advisers;
- The nomination of staff member responsible for the project
- The level of delegated authority which specific staff members may exercise and an indication of when and to whom the more important matters should be referred;
- An indication of the frequency of reports, and who should make reports to the Corporation, together with a report of the financial status of the project;
- How often a financial appraisal of the project will be given to the Corporation

The approval of expenditure should follow the procedure set out in these Financial Regulations. Any projected expenditure in excess of approved budgets should be approved by the appropriate bodies, and should be reported to the Corporation at the earliest opportunity.

Any projected overspend against budget of less than £50,000 shall be approved by the Principal. Any project Overspend in excess of £50,000 shall be approved by the Corporation.

## **11 Financial control**

### **11.1 Financial information**

Budget holders are assisted in their duties by electronic management information provided by the Head of Finance through Resource 32000. The Head of Finance is responsible for supplying budgetary reports on all aspects of the institution's finances to the Corporation. This is primarily through the management accounts but also as determined by the Corporation and subject to any specific requirements of the funding body. A summary statement of the financial position will also be presented to the Corporation.

### **11.2 Management accounts**

Management accounts will be prepared and submitted to the Vice Principal Finance & Resources within 15 working days of the month end for the months September to July of each financial year. Management accounts for August are not required.

The management accounts shall include: -

Actual income and expenditure in comparison to the budget and with the same period for the previous year

- An outturn forecast for the year
- The current balance sheet
- A cash flow forecast for the subsequent twelve months
- Grant funding reports showing the current position, the projected position for the year and a comparison with the same period in the previous year.
- The performance of any subsidiary undertaking.

- Narrative highlighting and explaining any significant variances with the budget.

The Vice Principal Finance & Resources shall be required to submit monthly management accounts to members of the Corporation at their monthly meeting. The management accounts shall be distributed to all senior managers by the end of the following month.

Management accounts shall be presented to each of the monthly Corporation meetings.

### **11.3 Treatment of year-end balances**

Year end balances on devolved budgets will normally be written off at the year end.

## **12 Accounting arrangements**

### **12.1 Financial year**

The institution's financial year will run from 1 August until 31 July the following year unless otherwise reviewed by the Department for Education following reclassification.

### **12.2 Basis of accounting**

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

### **12.3 Format of the financial statements**

The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with applicable Accounting Standards. They also conform to guidance published by the Grant Funding Bodies. The Casterbridge model will be followed to ensure consistent formatting.

### **12.4 Capitalisation and depreciation**

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

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet only where the acquisition cost per item is £1,000 or more. Grouped items (e.g. a suite of computers) with an individual value of less than £1,000, but a group value of £10,000 or more, will be capitalised. Capitalised assets other than land and buildings will be depreciated over a period of 3-10 years commencing when the assets became available for use.

## **12.5 Accounting records**

The Vice Principal Finance & Resources is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.

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

- Official purchase orders
- Paid invoices
- Accounts raised
- Bank statements
- Copies of receipts
- Paid cheques
- Payroll records, including part-time lecturers' contracts.

The Head of Finance 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 local enterprise partnerships.

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

## **12.6 Public access**

Under the terms of the Charities Act 2011 the Corporation is required to supply any person with a copy of the institution's most recent financial statements within two months of a request. The Act enables the Corporation to levy a reasonable fee and this will be charged at the discretion of the Head of Finance. The College accounts direction requires a minimum of two years accounts to be published and accessible to the public on the College's website.

## **12.7 Taxation**

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

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

## **13 Audit Requirements**

### **13.1 General**

External auditors and internal auditors shall have authority to:

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

The Head of Finance is responsible for the preparation of the final accounts and will liaise with the external auditors accordingly.

Following consideration by the Audit Committee, the financial statements will be submitted to the Corporation for approval.

### **13.2 External audit**

The engagement of external auditors for the main financial statements of the institution will take place annually and is the responsibility of the Corporation. The Corporation will be advised by the Audit Committee.

The primary role of this external audit is to report on the institution'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 Financial Reporting Board's statements of auditing standards.

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

### **13.3 Internal audit**

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

The institution's funding agreement with the funding body requires that it must operate in accordance with advice set out in the funding body's audit code of practice which requires it to consider whether to appoint an internal audit service to fulfil its assurance needs. The main responsibility of internal audit is to provide the Corporation, 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, Principal and Chair of the Audit Committee. The formal responsibilities of internal audit are detailed at Appendix F. The internal auditor will also comply with the Financial Reporting Board's auditing standards.

#### **13.4 Value for money**

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

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

#### **13.5 Other auditors**

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

### **14 Treasury management**

#### **14.1 Treasury management policy**

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

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

Following reclassification, the College under managing public money must consider whether DfE approval is required, summarized below:

TYPE OF TRANSACTION	COLLEGE DELEGATED AUTHORITY	DfE APPROVAL REQUIRED
Amendments to existing private sector borrowing	Colleges can agree amendments which are not within the scope of Managing Public Money (MPM). Examples include but are not limited to: a) providing periodic standard written representations to lenders b) changes to financial and non-financial covenants c) changes to standard clauses following underlying legislation changes.	Consent must be sought from DfE for amendments which may be within scope of MPM. Examples include but are not limited to: a) changes relating to the term of a loan b) repayment profile change c) interest rate change outside of the existing agreement terms, including any move between a variable and a fixed interest rate d) providing additional security.
New private sector borrowing	No delegated authority.	Any new private sector finance arrangements require prior written consent from DfE.

The Vice Principal Finance & Resources will report to the Corporation termly in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him/her.

## **14.2 Appointment of bankers and other professional advisers**

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

## **14.3 Banking arrangements**

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

Only the Head of Finance or the Vice Principal Finance & Resources, following approval from the Principal, may open or close a bank account for dealing with the institution's funds. All bank accounts shall be in the name of the institution or where applicable, one of its subsidiary companies.

All cheques drawn on behalf of the institution must be signed in the form approved by the Corporation. Cheques must be signed by two authorised persons, of which only one may be that of an authorised member of staff in the finance department. Details of authorised persons and limits are set out in Appendix G.

All automated transfers on behalf of the institution, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Corporation. Details of authorised persons and limits are set out in Appendix G.

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

## **15 Income**

### **15.1 General**

The Head of Finance is responsible for ensuring that appropriate procedures are in operation to enable the institution 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 Head of Finance.

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are approved by the Corporation, the procedures for which are also approved by the Corporation.

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

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

The Head of MIS is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

### **15.2 Maximisation of income**

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

### **15.3 Receipt of cash, cheques and other negotiable instruments**

Most monies will normally be paid into the College reception directly and accounted for by the finance department.

If monies are received within faculties from whatever source they must be recorded by the directorates on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments and paid into the College cashier at the earliest opportunity.

All monies received must be paid to reception promptly, and in accordance with a timetable prescribed by the Head of Finance. The custody and transit of all monies received must comply with the requirements of the institution's insurers.

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

### **Receipts by credit or debit card:**

The institution may only receive payments by debit or credit card using procedures approved by the Head of Finance.

## **15.4 Collection of debts**

The Head of Finance should ensure that:

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

The Head of Finance can implement credit arrangements and indicate the periods in which different types of invoice must be paid. Finance Manager may sign in the absence of the Head of Finance up to £10,000.

Requests to write off debts in excess of £10,000 must be referred in writing to the Vice Principal Finance & Resources for submission to the Corporation for consideration. Debts below this level may be written off with the authorisation of the Vice Principal of Finance & Resources. In addition, following reclassification, the College under managing public money must seek approval for Write-offs in certain circumstances summarized below:

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TYPE OF TRANSACTION	COLLEGE DELEGATED AUTHORITY	DFE APPROVAL REQUIRED
Write-offs	<p>a) Any individual write-off that is £45,000 or less, or 1% or less of annual income (whichever is smaller).</p> <p>b) Cumulative write-offs providing within the academic year totalling £250,000 or less, or 5% or less of annual income (whichever is smaller).</p> <p>Income will be the forecast total income for the current year.</p>	<p>a) Any individual write-off that exceeds £45,000 or 1% of annual income (whichever is smaller).</p> <p>b) Cumulative write-offs within the academic year which exceed £250,000 or 5% of annual income (whichever is smaller).</p> <p>Consent must be sought from DfE.</p>



## **15.5 Student fees**

The procedures for collecting tuition fees must be approved by the Head of Finance. They are responsible for ensuring that all student fees due to the institution are received. The Fees policy can be found on the College's website.

## **15.6 Student loans**

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

## **15.7 Emergency/hardship loans**

The institution's scheme for emergency/hardship loans must be approved by the Corporation.

The Head of Finance is responsible for ensuring the adequacy of the systems in place for:

- Approving loans in accordance with the scheme
- Paying loans that have been approved
- Recovering loans that have been paid

## **16 Other income-generating activity**

### **16.1 Private consultancies and other paid work**

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

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

## **16.2 Off-site collaborative provision (franchising and subcontracting)**

Any contract or arrangement whereby the institution provides education to students away from institution premises, and is delivered with the assistance of persons other than the institution's own staff or with independent contractors (partner organisations), must be subject to the following procedure. This excludes contracts where training is delivered by College staff or by Protocol professional agency staff in community venues or on employers' premises.

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

The form and impact of the contract shall be subject to scrutiny by the Deputy CEO.

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

Contracts committing the College to the delivery of education, training or other services in addition to that included in the curriculum audit must be approved by the Deputy CEO or Principal, by signing either a contract or a service level agreement relating to the work.

No written agreement may be entered into with third parties and no additional orders placed regarding part-time staffing or consumables before the contract has been authorised.

Other paid work not included in the agreed budgets may only be entered into with the written consent of the Principal or Deputy CEO.

Any proposal involving additional payments to members of staff should be supported by a schedule of names and values, and must be approved by a member of the executive leadership team, and where the schedule includes a member of the executive leadership team should be referred to the corporation.

## **16.4 New ventures**

Any new venture generating or potentially incurring costs in excess of £1M per annum or £2.5M in total should be reported on separately to each monthly Corporation meeting throughout the duration of the project.

For all project funding in excess of £200K per annum, the project manager will be a member of the senior leadership team and they will be responsible for preparing procedures for the operational and financial control of the project. These procedures will be subject to the approval of the Head of Finance.

New ventures and overseas operations should be managed in accordance with regard to the Education Act 2022.

## **16.5 Matched funding**

Any such project requires the approval of the appropriate officer prior to any commitment being entered into. Such approval shall be dependent upon the relevant Director being able to demonstrate that eligible matching funds are available (except where contracting through a financing organisation) and that the project is financially viable by the application of the institution's costing and pricing policy.

Individual applications for funds in excess of £200,000 shall be the subject of a report by the Deputy CEO to the Corporation which will set out, amongst other things, the potential risks generated by the project.

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

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

## **16.6 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 not the case, the reason for it must be specified and agreed by the Deputy CEO and Principal.

Other income-generating activities organised by members of staff must be costed and agreed with the Head of Finance before any commitments are made. Provision must be made for charging both direct and indirect costs in particular for the recovery of overheads.

## **16.7 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 Deputy CEO and Principal.

## **17 Intellectual Property Rights and Patents**

### **17.1 General**

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

## **17.2 Patents**

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

## **17.3 Intellectual property rights**

In the event of the institution deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the institution.

## **18 Expenditure**

### **18.1 General**

The Head of Finance is responsible for making payments to suppliers of goods and services to the institution.

### **18.2 Scheme of delegation/financial authorities**

The Directors are responsible for purchases within their directorate. Purchasing authority may be delegated to named individuals within the directorate. In exercising this delegated authority, budget holders are required to observe the procurement policy and financial procedures.

The Head of Finance shall maintain a register of authorised signatories to certify payment for paper-based transactions such as travel expenditure.

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

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

No member of staff is authorised to commit the institution to expenditure without first reserving sufficient funds to meet the purchase cost.

Budget holders authorise orders for expenditure up to £3,000, where values exceed £3,000, these will also require authorisation by the Vice Principal Finance & Resources. All orders are authorised by the Head of Finance or the Finance Manager before output to suppliers, regardless of value.

### **18.3 Procurement**

The institution requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services ensuring value for money consistent with quality, delivery requirements and sustainability.

The Head of Finance is responsible for:

- Ensuring that the institution's procurement policy is known and observed by all budget holders.
- Advising on matters of institution purchasing policy and practice
- Advising and assisting Directors where required on specific faculty purchases
- Developing appropriate standing supply arrangements on behalf of the institution to assist budget holders in meeting their value for money obligations
- Assisting the draft and negotiation of all large-scale purchase contracts (generally in excess of £50,000) undertaken by the institution, in collaboration with the responsible faculty.
- Ensuring that the institution complies with legal regulations on public purchasing policy.

Procurement of software, systems, online packages and resources (such as eBooks) will include either a consideration of compliance with the accessibility regulations prior to procuring, or a threshold evaluative question where formal tender methods are required. This is to ensure compliance with the Public Sector Website Accessibility Regulations 2018, which refers to licenses bought, licensing models or systems where public funds have been utilised to procure.

### **18.4 Purchase orders**

Official institution orders must be placed for the purchase of all goods or services, except for suppliers of public utility services, examination fees, periodical payments such as rent or rates, or other exceptions approved in advance by the Head of Finance.

The Head of Finance shall be responsible for the arrangement of all official orders issued for supplies and services required by the College.

The ordering of goods and services shall be in accordance with the Institution's detailed financial procedures/purchasing policies outlined in the College's Financial Procedures. In particular:

- Official orders should be raised via the e-purchasing system Resource 32000 and will follow a predetermined route for authorisation before they can be sent to the supplier.
- The Finance Manager is responsible for ensuring the appropriate authorisation

routes for purchase orders are correctly set within the e-purchasing system.

- Orders placed directly over the phone are not permitted other than in an emergency and provided an official order number is quoted to the supplier and the order is confirmed in writing on the same day.

Emergency orders should normally be processed in the normal way with the processed order being emailed to the supplier the same day.

- Each order must clearly indicate the nature and quantity of supplies and services required, the estimated price including VAT and any agreed discounts and other relevant details;
- Budget holders shall ensure that purchases are made at the most favourable rates by obtaining estimates on the basis that all factors will be taken into account in obtaining best value for money for the College;
- Orders may only be raised for whole items. It is not acceptable to raise part item orders resulting in authorisation at a lower level;
- Where the specified financial regulations and procedures are not followed, the person raising the order may be held personally liable to settle the debt.

When transferring goods or services between directorates, an email request must be sent to the Finance Department from the budget holder providing the funds.

### **18.5 Purchasing cards**

The operation and control of the institution's purchasing cards is the responsibility of the Head of Finance.

Holders of purchasing cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and CLT/Finance and should ensure that there is sufficient budget available to meet the costs. The Head of Finance shall determine what information is required on purchases made with purchasing cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained and cardholders must provide that information.

### **18.6 Tenders and quotations**

Directors and delegated budget holders must comply with the institution's tendering procedures as detailed in the College's Procurement Policy.

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

## Quotes and Tenders

Purchases with a value of:	Process to be followed.
Under £3,000	VFM must be demonstrated
£3,000 - £49,999	3 written quotes obtained and copies sent to the Finance Department.
£50,000 +	Competitive tendering required

Contracts / agreements with a value in excess of £3,000 cannot be awarded without at least three suppliers being invited to quote. If it is not possible to obtain at least three quotes a reason must be given and VFM demonstrated by alternative means.

### 18.7 Contracts

Building contracts are the responsibility of the Corporation and are administered by the Director of Estates.

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

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

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Director of Estates as appropriate for Corporation consideration. Investment appraisals should comply with appropriate funding body guidance.

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

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

### 18.8 Receipt of goods

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

If the goods received are deemed to be unsatisfactory, the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.

## **18.9 Payment of invoices**

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

The Head of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer. In exceptional circumstances the Finance Manager will prepare cheques manually for urgent payments.

Directors are responsible for ensuring that expenditure within their departments does not exceed funds available.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the finance department quoting the order number. The finance department will be responsible for entering the invoice onto the e-purchasing system and monitoring the status of the invoice until it had been electronically authorised by the relevant budget holder.

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

Payments will only be made by the Finance department against invoices that have been authorised for payment by the appropriate budget holder.

Authorisation of an invoice (or receipting of an electronic order) will ensure that:

- The goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- Where appropriate, it is matched to the order
- Invoice details (quantity, price discount) are correct
- The invoice is arithmetically correct
- The invoice has not previously been passed for payment
- An appropriate cost centre is quoted; this must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.
- The invoice can be paid



### **18.10 Staff reimbursement**

The institution's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 19.6).

Where such purchases by staff are planned, the Head of Finance may approve cash advances to employees who are going to incur expenditure on the institution's behalf. Upon completion of the travel or project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

### **18.11 Petty cash**

Where a single item is for less than £50 it may be paid from petty cash. It must be supported by receipts or vouchers where available.

The Head of Finance shall make available to faculties imprests as they consider necessary for the operation of the faculty. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.

Requisitions for reimbursements must be sent to the finance department, together with appropriate receipts or vouchers, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.

The member of staff granted a float is personally responsible for its safe-keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the institution's insurers when not in use and will be subject to periodic checks by their Director or another person nominated by them.

Standard institution petty cash forms are supplied by the Finance Manager and must be used for recording all imprest expenditure.

At the end of the financial year the Petty cash float should be returned to the Finance department for verifying with a member of the Finance staff.

### **18.12 Other payments**

Payments for bursaries and other items to students on behalf of sponsoring organisations shall be made on the authority of the Head of Finance, supported by detailed claims approved by the Assistant Principal Student Experience and Safeguarding.

### **18.13 Late payment rules**

The Late Payment of Commercial Debts Regulations 2013 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 institution can be sued for non-payment.

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

### **18.14 Project advances**

The Head of Finance may approve cash advances for projects carried out away from the institution where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or an institute purchasing card.

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

## **19 Pay Expenditure**

### **19.1 Remuneration policy**

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

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

Salaries and other benefits for senior post holders will be determined by the Remuneration Committee set up by the Corporation.

## **19.2 Appointment of staff**

All contracts of service shall be of the standard form as approved by the Corporation from time to time and all offers of employment with the institution shall be made in writing by the Head of Human Resource. Budget holders shall ensure that the Vice Principal Finance & Resources and the Head of Human Resource are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

## **19.3 Salaries and wages**

The Head of Human Resource is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents will be processed by Human Resources in a form prescribed and approved by the member of College leadership Team (CLT).

The Head of Human Resource will be responsible for keeping the Principal, Deputy CEO and Vice Principals informed of all matters relating to personnel for payroll purposes. In particular these include:

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

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

The Head of Human Resource shall be responsible for keeping all records relating to payroll including those of a statutory nature.

All payments must be made in accordance with the institution's detailed payroll financial procedures and comply with Inland Revenue regulations.

## **19.4 Superannuation schemes**

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

The Head Human Resources is responsible for;

- Pension Audits
- Preparing the annual return to various superannuation schemes
- Administering the institution's pension fund.

The Head Finance is responsible for;

- Paying contributions to various authorised superannuation schemes

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

### **19.5 Agency or temporary staff**

Orders to recruitment agencies for temporary staff should only be made by the Head of Human Resources.

No other members of staff should place orders directly with recruitment agencies, or any other suppliers of temporary staff unless prior approval is given from the Head of Human Resource.

### **19.6 Travel, subsistence and other allowances**

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

Claims by members of staff must be authorised by their Manager. The certification by the Manager shall be taken to mean that:

- The journeys were authorised
- The expenses were properly and necessarily incurred
- The allowances are properly payable by the institution
- Consideration has been given to value for money in choosing the mode of transport.

For further information, see the Travel & Subsistence policy.

Arrangements for travel by the Principal, Clerk or members of the Corporation shall be approved by the Chair. Arrangements for travel by the Chair shall be approved by a resolution of the Corporation.

### **19.7 Overseas travel**

All arrangements for overseas travel must be approved by the Principal in advance of committing the institution to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Principal or members of the Corporation shall be approved by the Chair. Arrangements for travel by the Chair shall be approved by a resolution of Corporation.

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

## **19.8 Allowances for members of the Corporation**

Claims for members of the Corporation will be authorised by the Chair and are only for exceptional expenditure, not standard meeting attendance.

## **19.9 Severance and other non-recurring payments**

Severance payments shall only be made in accordance with relevant legislation, and professional advice should be obtained where necessary. Following reclassification, the College under managing public money to request prior approval from the DfE for severance payments and has been summarized below:

TYPE OF TRANSACTION	COLLEGE DELEGATED AUTHORITY	DFE APPROVAL REQUIRED
Ex gratia, extra contractual, extra statutory or extra regulatory payments	No delegated authority.	All such payments must be referred to DfE for prior approval.  Consent must be sought from DfE.
Special severance payments	<p>a) Individual payments where non-statutory / non-contractual element is under £50,000 or under 3 months' salary (gross), whichever is lower. Subject to:</p> <p>b) The Exit package including a special staff severance payment being below £100,000 in total, and</p> <p>c) employee earns under £150,000</p>	<p>a) Values above the college's delegated authority.</p> <p>b) Exit packages which include a special severance payment and are at or above £100,000</p> <p>c) the employee earns over £150,000.</p> <p>Consent must be sought from DfE.</p>

Individual payments up to £10,000 shall be approved by the Principal and the Corporation Chair. Payments in excess of £10,000 but less than £50,000 shall be approved by the Principal and Chair but reported under a confidential item to the Corporation. Items of more than £50,000 shall be referred and reported to the Corporation at the next available opportunity.

All such payments shall be authorised by the Principal with calculations prepared by the Head of Human Resource and checked by the Vice Principal Finance & Resources.

All matters referred to an industrial tribunal shall be notified to the Corporation at the earliest opportunity under a confidential item. All determinations of tribunals must be similarly notified.

## **20 Assets**

### **20.1 Land, buildings, fixed plant and machinery**

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

### **20.2 Fixed asset register**

The Director of Estates is responsible for maintaining the institution's registers of land, buildings, fixed plant and machinery. Directors will provide the Director of Estates with any information they may need to maintain the register. A separate register of all IT hardware and software will be maintained by the IT Manager.

The fixed asset register will be physically verified annually. All assets unaccounted for will be referred to the appropriate Director who will investigate the reasons why this has occurred. The Director will then report their findings to the Director of Estates who will prepare a report of all such assets which will be considered by the Executive Leadership Team.

### **20.3 Inventories**

Directors are responsible for maintaining inventories, in a form prescribed by the Director of Estates, for all plant, equipment, furniture and stores in their faculties with a value in excess of £1,000. IT assets are tagged with barcodes and recorded on a database to comply with Cyber Essentials scheme requirements. The inventory must include items donated or held on trust.

Inventories must be checked at least annually.

### **20.4 Stocks and stores**

Directors are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their faculties. The systems used for stores accounting in faculties will be subject to the approval of the Director of Estates.

Directors are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks as advised by the Director of Estates.

Stocks are not included in the College balance sheet.

## **20.5 Safeguarding assets**

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

## **20.6 Personal use**

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

## **20.7 Asset disposal**

Disposal of equipment and furniture must be in accordance with procedures agreed by the Corporation.

For amounts up to £5,000 - Authorised by the Director of Estates

For amounts £5,000 and £20,000 - Authorised by the Deputy CEO or Vice Principal Finance & Resources

For amounts in excess of £20,000 - Considered by the Corporation.

Disposal of land and buildings must only take place with the authorisation of the Board of Governors. The Director of Estates is responsible for ensuring that the Funding Body's consent is obtained for the disposal of all land and buildings, and where exchequer funds were involved in the acquisition of equipment assets.

## **20.8 All other assets**

Directors are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the institution, whether tangible (such as stock – see above) or intangible (such as intellectual property – see section 17.3), including electronic data.

## **21 Funds held on trust**

### **21.1 Gifts, benefactions and donations**

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

## **21.2 Student welfare and access funds**

The Assistant Principal Student Experience and Safeguarding will prescribe the format for recording the use of student welfare funds.

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

## **21.3 Trust funds**

The Vice Principal Finance & Resources is responsible for maintaining a record of the requirements for each trust fund and for advising the Corporation on the control and investment of fund balances.

The Corporation is responsible for ensuring that all the institution's trust funds are operated within any relevant legislation and the specific requirements for each trust. The Corporation will have overall responsibility for investment of fund balances.

## **21.4 Voluntary funds**

The Vice Principal Finance & Resources shall be informed of any fund that is not an official fund of the institution which is controlled wholly or in part by a member of staff in relation to their function in the institution.

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

# **22 Other**

## **22.1 Insurance**

The Head of Finance is responsible for the institution's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered by the Corporation on an annual basis.

The Head of Finance is responsible for effecting insurance cover as determined by the Corporation. They are therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Head of Finance will keep a register of all insurances affected by the institution and the property and risks covered. They will also deal with the institution's insurers and advisers about specific insurance problems.



Directors must ensure that any agreements negotiated within their directorates with external bodies cover any legal liabilities to which the institution may be exposed. The Head of Finance's advice should be sought to ensure that this is the case. Directors must give prompt notification to the Head of Finance of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Directors must advise the Head of Finance immediately of any event that may give rise to an insurance claim. The Head of Finance will notify the institution's insurers and, if appropriate, prepare a claim in conjunction with the Vice Principal Finance & Resources for transmission to the insurers.

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

The Director of IT is responsible for keeping suitable records of IT Equipment which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

All staff using their own vehicles on behalf of the institution shall maintain appropriate insurance cover for business use.

## **22.2 Companies and joint ventures**

In certain circumstances it may be advantageous to the institution to establish a company or a joint venture to undertake services on behalf of the institution. Any member of staff considering the use of a company or a joint venture should first seek the advice of the Vice Principal Finance & Resources, who should have due regard to guidance issued by the funding body.

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

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

## **22.3 Security**

Keys to safes or other similar containers are to be carried on the person of those responsible at all times. The loss of such keys must be reported to the Director of Estates immediately.

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

The Head of Finance is responsible for the safekeeping of official and legal documents relating to the institution. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Head of Finance. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

#### **22.4 Students' union**

The students' union is a constituent part of the College and as such is responsible to the Corporation.

The students' union is responsible for maintaining financial records through the College Finance Department.

The College's internal auditor shall have access to records, assets and personnel within the students' union in the same way as other areas of the College.

#### **22.5 Use of the institution's seal**

Where a deed or document requires the institution's seal, it must be sealed by the Principal or, in their absence, the Deputy CEO in the presence of a member of the Corporation.

The Principal is responsible for submitting a report to each meeting of the Corporation detailing the use of the institution's seal since the last meeting.

#### **22.6 Provision of indemnities**

Any member of staff asked to give an indemnity, for whatever purpose, should consult the Principal before any such indemnity is given.

#### **22.7 Financial Procedures**

The Head of Finance shall maintain and update as requested the Financial Procedures, which shall be available to staff to ensure the efficient and effective management of the finance function of the College.

#### **22.8 Financial Procedures**

Amendments to the Financial Regulation must be considered by the Audit Committee.

Amendments to the Financial Regulations may only be approved by the Corporation.

The Financial Regulations will be reviewed within 24 months of their approval and any necessary amendments effected.

## 23 Managing Public Money

Resulting from the ONS reclassification from private to public sector on 29 November 2022, FE sector must comply with HMT 'Managing Public Money' requirements and other obligations resulting from the change, in particular, financial and borrowing requirements.

The College and any subsidiaries are now part of central government. This means the College is subject to the framework for financial management set out in Managing Public Money, guidance on senior pay and other central government guidance.

To date government has specified the position in relation to some of the key areas where MPM applies; such as severance (19.9), write offs (15.4) and indemnities (14.1), see table below.

<b><u>TYPE OF TRANSACTION</u></b>	<b><u>COLLEGE DELEGATED AUTHORITY</u></b>	<b><u>DfE APPROVAL REQUIRED</u></b>
Additional usage of existing overdraft, revolving credit facilities (RCFs) or drawdowns of existing term loans.	No delegated authority.	Consent must be sought from DfE.
Amendments to existing private sector borrowing	Colleges can agree amendments which are not within the scope of Managing Public Money (MPM). Examples include but are not limited to: a) providing periodic standard written representations to lenders b) changes to financial and non-financial covenants c) changes to standard clauses following underlying legislation changes.	Consent must be sought from DfE for amendments which may be within scope of MPM. Examples include but are not limited to: a) changes relating to the term of a loan b) repayment profile change c) interest rate change outside of the existing agreement terms, including any move between a variable and a fixed interest rate d) providing additional security.
New private sector borrowing	No delegated authority.	Any new private sector finance arrangements require prior written consent from DfE.

<p>Write-offs</p>	<p>a) Any individual write-off that is £45,000 or less, or 1% or less of annual income (whichever is smaller).</p> <p>b) Cumulative write-offs providing within the academic year totalling £250,000 or less, or 5% or less of annual income (whichever is smaller).</p> <p>Income will be the forecast total income for the current year.</p>	<p>a) Any individual write-off that exceeds £45,000 or 1% of annual income (whichever is smaller).</p> <p>b) Cumulative write-offs within the academic year which exceed £250,000 or 5% of annual income (whichever is smaller).</p> <p>Consent must be sought from DfE.</p>
<p>Indemnities, guarantees and letters of comfort (contingent liabilities)</p>	<p>Indemnities arising in the normal course of business.</p> <p>Indemnities beyond the normal course of business, and guarantees and letters of comfort at or below: 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 £250,000).</p> <p>Income will be the forecast total income for the current year.</p>	<p>Indemnities beyond the normal course of business, guarantees and letters of comfort in excess of:</p> <p>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 £250,000).</p> <p>Consent must be sought from DfE.</p>
<p>Novel, contentious and repercussive transactions</p> <p>Novel transactions are those of which the college has no experience or are outside its range of normal business.</p>	<p>No delegated authority.</p>	<p>Any transactions that may be considered novel, contentious and/or repercussive must be referred to DfE for prior approval.</p> <p>Consent must be sought from DfE.</p>

<p>Contentious transactions are those that might cause criticism of the college by Parliament, the public or the media.</p> <p>Repercussive transactions are those that may have wider financial implications for the sector or which appear to create a precedent.</p>		
Compensation payments	Individual payments where non-statutory / non-contractual element is under £50,000.	<p>Values above the college's delegated authority.</p> <p>Consent must be sought from DfE.</p>
Ex gratia, extra contractual, extra statutory or extra regulatory payments	No delegated authority.	<p>All such payments must be referred to DfE for prior approval.</p> <p>Consent must be sought from DfE.</p>
Special severance payments	<p>a) Individual payments where non-statutory / non-contractual element is under £50,000 or under 3 months' salary (gross), whichever is lower. Subject to:</p> <p>b) The Exit package including a special staff severance payment being below £100,000 in total, and</p> <p>c) employee earns under £150,000</p>	<p>a) Values above the college's delegated authority.</p> <p>b) Exit packages which include a special severance payment and are at or above £100,000</p> <p>c) the employee earns over £150,000.</p> <p>Consent must be sought from DfE.</p>

As at June 2023 no changes due to reclassification are required in relation to VAT, international students, local government pension scheme (LGPS) and banking; although over time it is assumed that the College will switch to the Government Banking Service.

An updated College Financial Handbook covering all changes to comply with MPM guidance is due to be published in March 2024, effective August 2024. As further updates and requirements are published, they will be built into the Colleges Financial Regulations as either updated version or as addendums and, where applicable, added to associated policies on their regular review points.

## **24 Appendices**

Appendix A	Documents available on the College's website ( <a href="http://www.telfordcollege.ac.uk">www.telfordcollege.ac.uk</a> )
Appendix B	Key contacts in the Finance department
Appendix C	The Seven Principles of Public Life from the Report of the Committee for Standards in Public Life (The Nolan Report)
Appendix D	Summary of protocols for proposed capital expenditure
Appendix E	Summary of protocols for proposed major developments
Appendix F	Internal audit responsibilities
Appendix G	Bank signatories/limits
Appendix H	Modern Slavery and Human Trafficking Statement
Appendix I	External contacts
Appendix J	Summary Scheme of Delegated Authority

**APPENDIX A: DOCUMENTS AVAILABLE ON THE COLLEGE'S WEBSITE  
(WWW.TELFORDCOLLEGE.AC.UK)**

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<b>Documents and Policies</b>	<b>Location</b>
Audit Committee Terms of Reference	College/Governance/College Public Documents/Corporation Members Handbook
Remuneration Committee Terms of Reference	College/Governance/College Public Documents/Corporation Members Handbook
Search Committee	College/Governance/College Public Documents/Corporation Members Handbook
Whistleblowing (public interest disclosure) policy	College/Governance/College Policies
Anti-Bribery Policy	College/Governance/College Policies
Fees Policy	College/Governance/College Policies
Corporate Hospitality Policy	College/Governance/College Policies

## APPENDIX B: KEY CONTACTS IN THE FINANCE DEPARTMENT

### INTRODUCTION

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The Finance department is currently located on the ground floor of E Block, Room E021. Petty Cash is available to be collected throughout the day with office opening hours between 8.30 am and 5.00 pm.

In order to obtain maximum benefit from the finance department, it is important to observe the published deadlines. The deadlines have been established in order to guarantee the delivery of particular services which might not otherwise be achievable.

The main services are listed on the following pages together with appropriate contact names. There is also a list at the end of the document which gives contact details for individual post-holders.

### EXCHEQUER SERVICES

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Exchequer services cover the following functions.

**Purchase Ledger.** This section pays all sums owed by the institution other than payroll items. Payments are made mainly to suppliers of goods and services but the section also administers petty cash payments. For payment queries please contact Sara Lyon (2253).

**Sales Ledger.** All income due to the institution must be banked through the finance department or reception. Payments are received by BACS, cheque, cash, credit cards or debit cards should be made in sterling or foreign currencies in exceptional circumstances. Installment facilities are available for some categories of student in relation to their tuition fees. Overdue debts are pursued in consultation with departments and, where appropriate, court action is taken. Security arrangements for cash in transit are made for transfers between financial services and the bank but not for internal transfers to financial services. For income queries please contact Jyoti Gajjar (2470).

**Payroll.** The institution's payroll is managed by an independent payroll bureau, which is accessed from the Human Resources department. All standing data and adjustments are affected through the personnel department, which is also responsible for submission of all PAYE returns. For payroll queries please contact Laura Roche (2432).

**Insurance.** All aspects of insurance cover and claims are handled by the finance department. Prompt notification of all losses by the use of the appropriate form is essential if claims are to be processed effectively. Failure to notify the police in cases of theft or criminal damage can also invalidate cover. For insurance queries please contact



Tom Archer (2252).

**Controlled stationery.** In order to comply with financial regulations, to ensure that current versions of documents are used and to avoid duplication of control numbers, it is important to order these items from the finance department. They include official requisition forms, invoices, receipts, claim forms, travel forms, etc. To order supplies of controlled stationery please contact Simon Badley (2336).

## FINANCIAL ACCOUNTING

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Many of the functions under this heading will not directly affect faculties and departments. They include maintenance of the accounting system, preparation of final and other accounts, tax returns, etc. Another such function relates to treasury management, which encompasses borrowing and lending, cash flow forecasting and management of the bank accounts. There are, however, several services which are for the specific benefit of users.

**Use of system.** Advice and training is provided for users to access and use the data held in the accounting system. For queries relating to the operation of the accounting system please contact Matthew Parry (2202).

**Major capital projects.** Assistance in the preparation of bids for funding, investment appraisals and monitoring of schemes are all included within the service. It is mandatory for the negotiation of funding packages to be referred to the Vice Principal Finance & Resources. For queries relating to capital schemes and grant claims please contact Matthew Parry (2202).

## MANAGEMENT ACCOUNTING

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Much of the work in this area is at a corporate level. This includes the preparation of the financial plan, consolidation and submission of planning data to the funding council, compilation of the detailed annual budget and production of comparative statistical data. The Head of Finance must also provide regular monitoring statements and financial advice to the Corporation and its groups/committees.

**Budget monitoring.** At faculty and department level, detailed management accounts are produced indicating performance against budget at account code level. Budget holders have access to live data within Resource 32000 and meet with the Finance Manager once a quarter to ensure that budgets are understood and processes are followed. For queries relating to budget maintenance please contact Matthew Parry (2202).

**Budget planning.** Advice is available for all budget managers for the purpose of the

preparation of their business plans. This is particularly important in the area of other services rendered and research grant contracts where markets can be volatile. For queries relating to budget planning please contact Emma Caesar (2303).

**Internal audit.** All institutions must consider whether to have an independent internal audit function which operates in conjunction with the audit committee. The Finance department is responsible for the receipt and co-ordination of responses to audit reports and for the implementation of Audit Committee projects.

## MANAGEMENT CONTROL

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A range of services provided by the finance department relate to the overall control of the institution's systems. Some of these are mandatory.

**Procedures and regulations.** Financial regulations and detailed financial procedures are maintained and disseminated by the finance department. Again, their existence is a funding council and audit committee requirement. For queries relating to management control matters please contact Emma Caesar (2238).

### Finance department post-holders and contact details

Head of Finance	Emma Caesar (2238)	<a href="mailto:emma.caesar@telfordcollege.ac.uk">emma.caesar@telfordcollege.ac.uk</a>
Finance Manager	Matthew Parry (2202)	<a href="mailto:matthew.parry@telfordcollege.ac.uk">matthew.parry@telfordcollege.ac.uk</a>
Finance Officer	Jyoti Gajjar (2470)	<a href="mailto:jyoti.gajjar@telfordcollege.ac.uk">jyoti.gajjar@telfordcollege.ac.uk</a>
Finance Officer	Zona Ioannou (2373)	<a href="mailto:zona.ioannou@telfordcollege.ac.uk">zona.ioannou@telfordcollege.ac.uk</a>
Finance Analyst	Thomas Archer (2252)	<a href="mailto:thomas.archer@telfordcollege.ac.uk">thomas.archer@telfordcollege.ac.uk</a>
Finance Assistant	Sara Lyon (2253)	<a href="mailto:sara.lyon@telfordcollege.ac.uk">sara.lyon@telfordcollege.ac.uk</a>
Finance Apprentice	Saqib Chohan (2203)	<a href="mailto:saqib.chohan@telfordcollege.ac.uk">saqib.chohan@telfordcollege.ac.uk</a>

## **APPENDIX C: THE SEVEN PRINCIPLES OF PUBLIC LIFE FROM THE REPORT OF THE COMMITTEE FOR STANDARDS IN PUBLIC LIFE**

### **SELFLESSNESS**

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

### **INTEGRITY**

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

### **OBJECTIVITY**

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

### **ACCOUNTABILITY**

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

### **OPENNESS**

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

## **HONESTY**

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Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

## **LEADERSHIP**

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

## **APPENDIX D: SUMMARY OF PROTOCOLS FOR PROPOSED CAPITAL EXPENDITURE**

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### **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.
- An initial budget for the project for submission to the Corporation. The budget should include a breakdown of costs including professional fees, VAT and funding sources.
- 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.

### **Procedural steps:**

- All proposed capex must be requested via a capex form (maintained by the Finance department), signed by the relevant Director
- The staff member requesting the capex purchase must check whether the required equipment (or suitable alternative) does not already exist unused elsewhere in the college
- All capex requests over £3,000 must be supported by at least 3 quotes. Value for money must still be demonstrated for purchases below £3,000 but requestors will not be required to obtain multiple quotes if they can otherwise attest the proposed purchase represents good value
- Capex expenditure below £3,000 can be approved by the Head of Finance. Expenditure above £3,000 requires approval by the Vice Principal Finance & Resources
- Approved capex must be ordered via the college purchase requisition/purchase order system
- All IT hardware and software capex must either be proposed by or agreed with the IT department to ensure compatibility with the existing IT infrastructure
- All Estates-related capex must be proposed by the Estates department
- Purchases above £50,000 must be subject to a competitive tendering process.

- Major new developments and new ventures must also be approved under the rules set out in Sections 10.9 and 16.4 of the Financial Regulations

## **APPENDIX E: SUMMARY OF PROTOCOLS FOR PROPOSED MAJOR DEVELOPMENTS**

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

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

## **APPENDIX F: INTERNAL AUDIT RESPONSIBILITIES**

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Internal auditors will be required to adopt the International Standards for the Professional Practice of Internal Auditing and the International Professional Practices Framework (IPPF) as published by the global Institute of Internal Auditors (IIA).

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

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

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## **APPENDIX G: BANK SIGNATORIES / LIMITS**

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### **Bank signatories/limits**

#### **1. Cheques/Single BACS**

The appointed bankers shall be authorised to honour two of the under mentioned office holders on all documents relating to the College accounts:

- Principal
- Deputy CEO
- Vice Principal Finance & Resources
- Head of Finance

For amounts exceeding £50,000 in value relating to cheques or one-off payments, must be signed by the Principal and one other of the above. The Deputy CEO may sign in the Principal's absence, but only with the Principal's written authority for signature of such documents.

All cheques, transfers and payments from the bank accounts will require two signatures.

#### **2. Transfers between bank accounts and investments**

The appointed bankers shall honour the authorisation of the under mentioned officers for the transfer of funds between bank accounts:

- Up to £500,000 – Head of Finance and the Vice Principal Finance & Resources
- £500,000 to £1m - Deputy CEO and the Vice Principal Finance & Resources
- Over £1m - Principal and the Chair of the Corporation

#### **3. Supplier payment runs**

All supplier payment runs are generated through the finance system with a detailed schedule of suppliers being paid reviewed by the Head of Finance or Finance manager and processed through the normal banking process. All payment runs require two signatures from the above list.

## **APPENDIX H: MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT**

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### **Introduction**

Telford College is committed to preventing acts of modern slavery and human trafficking from occurring within its business and supply chain. The College also expects this from its contractors, suppliers and other business partners

### **Organisational structure and supply chains**

This statement covers the activities of Telford College and any subsidiary companies.

Telford College has a diverse supply chain, including but not limited to providers of temporary staff, suppliers of stationary and teaching materials, exam bodies and providers of building, maintenance and repair services.

Telford College is aware of its legal responsibility and is developing its framework to ensure its supply chain complies with legislation. This includes policies, risk assessment, due diligence and training.

### **College policies**

As part of its commitment to combatting modern slavery, the College has the following policies and procedures in place:

- Whistleblowing Policy
- Anti-Bribery & Corruption Policy
- Safeguarding and Child Protection Policy
- Policy and procedures for risk management
- Grievance Policy and procedures
- Due diligence procedures
- Procurement Policy
- Recruitment and selection procedures
- Staff development/CPD programme

The College's policies and procedures are designed to:

- Establish and assess areas of potential risk in our business and supply chains
- Monitor potential risk areas
- Reduce the risk of occurrence
- Provide adequate protection for whistleblowers

The College makes sure its suppliers are aware of its policies and procedures and adhere to the same high standards as our own staff.

**Due diligence**

As part of our efforts to monitor and reduce the risk of slavery and human trafficking occurring within the College's supply chains, purchasing consortiums have been utilised, organisations invited to tender for College contracts have been evaluated based on their adherence to the College's purchasing strategy and suppliers' modern slavery statements have been checked.

**Staff training**

The College will ensure staff members will undertake training on modern slavery and human trafficking, where deemed appropriate, and will engage with external training providers, as required.

**Approval of this statement**

This statement is made in accordance with Section 54(1) of the Modern Slavery Act 2015 and constitutes Telford College's slavery and human trafficking statement for the academic year.

It was presented to and approved by the Telford College Corporation as part of the review of the College's Financial Regulations and will be updated annually as part of the review of the College's financial statements.

## **APPENDIX I: EXTERNAL CONTACTS**

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### ***External Contacts***

#### **1. Initial advice**

Public Concern at work  
0207 404 6609

#### **2. Financial issues**

##### **Internal Audit**

Validera (Haines Watts Rebranded)  
Sterling House 97 Lichfield Street  
Tamworth  
Staffordshire  
B79 7QF  
01827 618355

##### **External Audit**

Bishop Fleming  
Salt Quay House, 4 North East Quay  
Sutton Harbour  
Plymouth  
PL4 0BN  
01752 234324

#### **3. Health & Safety Issues**

Health & Safety Executive  
Haswell House  
St Nicholas Street  
Worcester  
01905 723406

## APPENDIX J: SUMMARY SCHEME OF DELEGATED AUTHORITY

Role	Value	Delegated Authority	Method	Frequency
Budget Setting	n/a	VP F&R		Annually
Budget Approval	n/a	Corporation		Annually
Budget Holder Responsibility	n/a	Head of Finance		n/a
Management accounts	n/a	Head of Finance		Monthly (except August)
Virements & Recharges	n/a	Finance Manager		Monthly
ESFA financial reporting	n/a	VP F&R		When required
Collection and receipt of cash and cheques	n/a	Head of Finance		Monthly
Sales invoices	n/a	Head of Finance		Monthly
Banking of cash and cheques	n/a	Head of Finance		Weekly
Reconciliation of bank account	n/a	Head of Finance		Monthly
Opening of bank accounts	n/a	VP F&R		When required
Petty cash	<£50	Finance Manager		Weekly
Petty cash	>£50	Head of Finance		Weekly
Purchase orders	<£3000	Budget Holder + Head of Finance	VFM Demonstrated	Daily
Purchase orders	>£3000	Budget Holder + Head of Finance+ VP F&R	3 or more Quotes	Daily
Purchase orders	>£50,000	Budget Holder + Head of Finance+ VP F&R	Tender	Daily
Payment by cheques or BACS	<£50,000	2 Bank Signatories		Weekly
Payment by cheques or BACS	>£50,000	VP F&R + 1 other Signatory		Weekly
Transfer between accounts and investments	<£500,000	VP F&R + Head of Finance		When required
Transfer between accounts and investments	>£500,000	VP F&R + Deputy CEO		When required
Transfer between accounts and investments	>£1,000,000	Principal & Chair of Corporation		When required
Charge card	Individual limits set	Head of Finance		Monthly
Liabilities and write-offs	<£10,000	VP F&R		Annually
Liabilities and write-offs	>£10,000	Corporation		Annually
Fixed asset register additions	>£1,000	Head of Finance		Monthly
Payroll processing	n/a	Director of HR		Monthly
Contracts of employment	n/a	Director of HR		When required
Severance Payments	<£10,000	Principal + Chair of Corporation		When required
Severance Payments	>£10,000- <£50,000	Principal + Chair of Corporation + reported as confidential item		When required
Payment of expenses	n/a	Head of Finance		Monthly with salary payment

Capital works	<£500,000	VP F&R		When required
Capital works	>£500,000	Corporation		When required
Insurance arrangements	n/a	Head of Finance		Annually
Investments	n/a	VP F&R		When required
Service Level Agreements/ Contracts	<£10,000 per year	Head of Finance		When required
Service Level Agreements/ Contracts	>£10,000 per year	Principal + Deputy CEO		When required
Operating leases or contracts over 1 year	n/a	VP F&R		When required
Finance leases	n/a	VP F&R		When required
Disposal of assets	<£5,000	Director Estates		When required
Disposal of assets	£5000-£20000	VP F&R		When required
Disposal of assets	>£20,000	Corporation approval		When required
Journal Limits	>£5,000,000	Finance Manager/Head of Finance		When required