

CHESTERFIELD COLLEGE

Financial Regulations

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TERMINOLOGY

The following general terms have been used in this guide.

AUDIT COMMITTEE

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.

BUDGET HOLDER

The member of staff who has been assigned his or her own budget.

CORPORATION

The Corporation has a membership comprising the Governors of the College, and is the body ultimately responsible for the affairs of the college.

PRINCIPAL

The person with ultimate executive responsibility for the management of the college, and who acts as its accounting officer.

DEPUTY PRINCIPAL PLANNING, FUNDING AND INNOVATION

The chief financial officer of the institution.

FINANCE AND GENERAL PURPOSES COMMITTEE

The committee with delegated responsibility for financial matters.

FUNDING BODY

In further education, this refers to the relevant funding council. For England, it refers to the Learning and Skills Council (LSC), which provides funding as well as having a wide range of other powers. From April 2010 this will be the Local Authority, the Young People's Learning Agency and the Skills Funding Agency

Similarly the Higher Education Funding Council (HEFCE) is the funding body that funds higher education provision delivered by the college.

Chesterfield College

FINANCIAL REGULATIONS

A GENERAL PROVISIONS

1 Background

- 1.1 The Corporation of Chesterfield College was established under the provisions of the Further and Higher Education Act 1992 for the purpose of conducting Chesterfield College (the institution). The institution's structure of governance is laid down in the instrument and articles of government, which may only be amended by application to the Secretary of State for Education. 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.
- 1.3 The financial memorandum between the Learning and Skills Council (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 for the institution's broad policies relating to financial control. This document was approved by the Corporation on 4.11.2009. 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 financial memorandum 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 institution's disciplinary policy. The Corporation will be notified of any such breach through the audit committee. It is the responsibility of heads of department to ensure that their staff are made aware of the existence and content of the institution's financial regulations.
- 2.5 The Finance and General Purposes Committee is responsible for maintaining a continuous review of the financial regulations, through the Deputy Principal Planning, Funding and Innovation, and for advising the Corporation of any additions or changes necessary.

- 2.6 In exceptional circumstances, this committee may authorise a departure from the detailed provisions herein, such departure to be reported to the Corporation at the earliest opportunity.
- 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 on the staff intranet and in the finance department.

B CORPORATE GOVERNANCE

3 The Corporation

- 3.1 The Corporation is responsible for the management and administration of the institution. Its financial responsibilities are detailed in Terms of Reference which are available from the Clerk to the Corporation

4 Accounting officer

- 4.1 The Principal is the institution's Accounting officer and is responsible for ensuring the financial administration of the institution's affairs in accordance with the financial memorandum with the funding body.

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

5 Committee Structure

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

5.2 Finance and General Purposes Committee

Monitoring of the institution's financial position and financial control systems is

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

Consideration of the institution's medium-term and strategic plans is also undertaken by the Finance and General Purposes Committee. It is responsible for ensuring that all the financial implications of such plans are taken into account before their approval by the Corporation. Similarly, it considers and makes recommendations to the Corporation on the allocation of resources between academic and non-academic areas. Detailed terms of reference for the Finance and General Purposes Committee are available from the Clerk to the Corporation.

5.3 Audit committee

Institutions are required by their financial memorandum 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. Detailed terms of reference for the Audit Committee are available from the Clerk to the Corporation.

5.4 Remuneration committee

Consideration of senior postholder's pay and conditions is the responsibility of the remuneration committee. It has the power to make recommendations to the Corporation on their remuneration, including pay and other benefits, as well as contractual arrangements. Detailed terms of reference for the Remuneration

Committee are available from the Clerk to the Corporation.

6 Other Senior Managers with Financial Responsibility

The Deputy Principal Planning Funding and Innovation

6.1 Financial administration of the college is controlled by the Deputy Principal Planning, Funding and Innovation, who is responsible to the Principal for:

- preparing annual capital and revenue budgets and financial plans
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- preparing the 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.
- Preparation and maintenance of financial regulations and procedures, and the dissemination of them to all staff members.
- All banking, treasury and borrowing matters

6.2 Heads of Directorates and Departments

Heads of Directorates and Departments are responsible to the Principal for financial management for the areas or activities they control. They are advised by the Deputy Principal Planning, Funding and Innovation in executing their financial duties. Heads of department are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters.

Heads of department shall provide the Deputy Principal Planning, Funding and Innovation 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.

6.3 All members of staff

All members of staff should 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 should ensure that they are aware of the institution's financial authority limits and the values of purchases for which quotations and tenders are required . An authorisation matrix to be followed by all staff is contained in Appendix F.

They shall provide the Deputy Principal Planning, Funding and Innovation with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Corporation.

They shall immediately notify the Deputy Principal Planning, Funding and Innovation whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the institution. The Deputy Principal Planning, Funding and Innovation shall take such steps as he or she considers necessary by way of investigation and report.

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 strategy.

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

7.3 Heads of department must ensure that any agreements negotiated within their

departments with external bodies cover any legal liabilities to which the institution may be exposed. The Clerk to the Corporation's advice should be sought to ensure that this is the case.

- 7.4 The Clerk to the Corporation shall effect all insurance cover at an appropriate level, negotiate and settle annual insurance renewals, and deal with all claims in consultation with other persons as necessary. All insurances will be subject to an annual review by the Finance and General Purposes Committee.

College staff, budget holders and managers must promptly advise the Clerk to the Corporation of any new risk, property, plant or vehicles acquired which require to be insured. They will also notify the Clerk to the Corporation promptly in writing of any loss, liability or damage or any event which may give rise to an insurance claim.

The advice of the Clerk to the Corporation shall be sought regarding the terms of any indemnity which the college is asked to provide.

8 Whistle blowing

- 8.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 8.2 Normally, any concern about a workplace matter at the institution should be raised with the relevant member of staff's immediate line manager or head of department. However, the institution recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.
- 8.3 A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose, for example the Clerk to the Corporation. If the member of staff does not wish to raise the matter with this person, or with the

Principal or the chair of the Corporation, it may be raised with the chair of the Audit Committee.

- 8.4 The full procedure for whistleblowing is set out in the institution's whistleblowing policy, which is available from the Clerk to the Corporation.

9 Conflict of Interest

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

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

9.4 Receiving gifts or hospitality

It is an offence under the Prevention of Corruption Act 1906 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity.

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

- 9.6 When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant head of department or the Deputy Principal Planning, Funding and Innovation. For the protection of those involved, the Deputy Principal Planning, Funding and Innovation will maintain a register of gifts and hospitality received where the value is in excess of £50. Members of staff in receipt of such gifts or hospitality are obliged to notify the Deputy Principal Planning, Funding and Innovation promptly.

C FINANCIAL MANAGEMENT AND CONTROL

10 Financial Planning

- 10.1 The Deputy Principal Planning, Funding and Innovation is responsible for preparing annually a rolling three-year financial plan for approval by the Corporation on the recommendation of the Finance and General Purposes Committee and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans and property strategy approved by the Corporation.

10.4 Budget preparation

The Deputy Principal Planning, Funding and Innovation is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Finance and General Purposes Committee before submission to the Corporation. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet.

During the year, the Deputy Principal Planning, Funding and Innovation is responsible for submitting revised budgets to the Finance and General Purposes Committee for consideration before submission to the Corporation for approval.

10.5 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.

The Deputy Principal Planning, Funding and Innovation 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 Deputy Principal Planning, Funding and Innovation 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 Deputy Principal Planning, Funding and Innovation is responsible for providing regular statements concerning all capital expenditure to Finance and General Purposes Committee (and/or estates committee, where appropriate) for monitoring purposes.

10.6 Overseas activity

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

10.7 Other major developments

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £50,000 should be presented for approval to the Finance and General Purposes Committee (with prior review by the Finance and General Purposes Committee, where appropriate).

The Deputy Principal Planning, Funding and Innovation 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.

There may be a statutory requirement to refer the proposal for a new company or joint venture to the LSC or other funding body and any statutory requirement should be adhered to by the College before approval is confirmed.

11 Financial Control

11.1 Budgetary control

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

Any anticipated overspend or underachievement of income must be reported immediately to the Deputy Principal Planning, Funding and Innovation by the budget holder concerned and, if necessary, corrective action taken.

11.2 Financial information

Budget holders are assisted in their duties by management information provided by the Deputy Principal Planning, Funding and Innovation. The types of management information available to the different levels of management are described in the detailed financial procedures, together with the timing at which they can be expected.

The Deputy Principal Planning, Funding and Innovation is responsible for supplying budgetary reports on all aspects of the institution's finances to the Finance and General Purposes Committee on a basis determined by the Committee but subject to any specific requirements of the funding body.

Latest management accounts in a format prescribed in the Financial Procedures will be submitted to each Finance and General Purposes Committee meeting. The Deputy Principal, Planning, Funding and Innovation will report any actual or anticipated variances to budget >£10,000 together with consideration of action to achieve budget where the variation is adverse.

11.3 Changes to the approved budget

Changes proposed to the approved budget will be first considered by the Finance and General Purposes Committee, which will make proposals to the Corporation, unless they fall within the delegated approval arrangements:

- Principal £50,000
- Finance and General Purposes Committee £75,000

11.4 Virement

Where a budget holder is responsible for more than one budget, virement is

permitted of up to 10% of the budget from which virement is sought.

Virement between budgets held by different budget holders is permitted up to 10% of the budget from which virement is sought with the written approval of the transferring budget holder.

The Deputy Principal Planning, Funding and Innovation is responsible for submitting requests for virement of resources above 10%, subject to a minimum of £25,000, to the Finance and General Purposes Committee for consideration before submission to the Corporation for approval where it exceeds £50,000.

11.5 Treatment of year-end balances

At the year end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year unless the Finance and General Purposes Committee has approved a specific scheme for carrying forward all or part of unspent amounts. Specific departmental consumables and equipment account balances may be carried forward with the approval of the Finance and General Purposes Committee.

12 Accounting Arrangements

12.1 Financial year

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

12.2 Basis of accounting

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

12.3 Format of the financial statements

The financial statements are prepared in accordance with the Statement of Recommended Practice *Accounting for Further and Higher Education*, subject to any specific requirements of the funding body, and in accordance with the provisions of the Companies Act 1985, if that is appropriate.¹

¹ Some institutions have been set up as companies limited by guarantee, in which case the Companies Act requirements take precedence.

12.4 **Capitalisation and depreciation**

New land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal installments 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 where the acquisition cost per item is £5,000 or more. The institution's depreciation policy is contained in Appendix A.

12.5 **Accounting records**

The Deputy Principal Planning, Funding and Innovation 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.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding institutions such as regional development agencies. Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder.

12.6 **Public access**

Under the terms of the Charities Act 1993, 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 Deputy Principal Planning, Funding and Innovation. The institution will also allow members of the public to inspect the statement of accounts during normal working hours.

12.7 **Taxation**

The Deputy Principal Planning, Funding and Innovation is responsible for advising budget holders, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the institution. Therefore

the Deputy Principal Planning, Funding and Innovation will issue instructions to budget holders on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, Corporation tax and import duty.

The Deputy Principal Planning, Funding and Innovation 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 his or her control
- access records belonging to third parties, such as contractors, when required.

The Deputy Principal Planning, Funding and Innovation is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

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

13.2 External audit

The appointment 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.

13.3 **Internal audit**

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

The institution's financial memorandum with the funding body requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the funding body's audit code of practice. The main responsibility of internal audit is to provide the Corporation, 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 B. The internal auditor will also comply with International Internal Audit Standards and the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors*.

13.4 **Fraud and corruption**

It is the duty of all members of staff, management and the Corporation to notify the Deputy Principal Planning, Funding and Innovation immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

The institution has a fraud policy, which incorporates the following key elements (see Appendix C for fuller details):

- Deputy Principal Planning, Funding and Innovation will notify the Principal and the Audit Committee (through its chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report
- the Principal shall inform the police if a criminal offence is suspected of having been committed
- any significant cases of fraud or irregularity shall be reported to the funding body in accordance with their requirements as set out in the audit code of practice

- the Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate
- the internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit Committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Deputy Principal Planning, Funding and Innovation and/or the Principal, the member of staff shall notify the chair of the Audit Committee direct of their concerns regarding irregularities.

13.5 Value for money

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

13.6 Other auditors

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

14 Treasury Management

14.1 Treasury management policy

The Finance and General Purposes Committee is responsible for approving a treasury management policy statement (based on CIPFA's *Treasury Management in the Public Services: Code of Practice* together with cross-sectoral guidance and sector-specific guidance) setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with funding body rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Finance and General Purposes Committee 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 Deputy Principal Planning, Funding and Innovation 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. The Deputy Principal Planning, Funding and Innovation will report to the Finance and General Purposes Committee at least termly in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

14.2 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) on the recommendation of the Finance and General Purposes Committee.

14.3 Banking arrangements

The Deputy Principal Planning, Funding and Innovation is responsible, on behalf of the Finance and General Purposes Committee, for liaising with the institution's bankers in relation to the institution's bank accounts and the issue of cheques.
Deputy Principal Planning, Funding and Innovation

All cheques drawn on behalf of the institution must be signed in the form approved by the Finance and General Purposes Committee. Details of authorised persons and limits shall be provided for in the institution's detailed financial procedures.

All automated transfers on behalf of the institution, such as BACS or CHAPS, must be authorised in the appropriate manner. Details of authorised persons and limits can be found in the Appendix E.

The Deputy Principal Planning, Funding and Innovation 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 Deputy Principal Planning, Funding and Innovation is responsible for ensuring

that appropriate procedures are in operation to enable the institution to receive all income to which it is entitled. All college budget holders and relevant staff shall ensure that the Deputy Principal Planning, Funding and Innovation is advised promptly of all fees, charges and amounts due from outside bodies so that appropriate arrangements can be made for collection or invoicing thereof.

The Deputy Principal Planning, Funding and Innovation is responsible for the prompt collection, security and banking of all income received.

The Deputy Principal Planning, Funding and Innovation 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 Deputy Principal Planning, Funding and Innovation is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

15.3 Receipt of cash, cheques and other negotiable instruments

All monies received within departments from whatever source must be recorded by the department on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments.

All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenses or be paid into the departmental 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 Deputy Principal Planning, Funding and Innovation.

Internet receipts: any member of staff wishing to arrange for payment to be made to the institution by the internet should seek guidance from the Deputy Principal Planning, Funding and Innovation at an early stage.

15.4 Collection of debts

The Deputy Principal Planning, Funding and Innovation should ensure that swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the financial procedures and outstanding debts are monitored

and reports prepared for management.

Only the Deputy Principal Planning, Funding and Innovation can implement credit arrangements and indicate the periods in which different types of invoice must be paid. Any subsequent changes must be submitted to Finance and General Purposes Committee for approval.

Requests to write off individual debts must be referred in writing to the Deputy Principal Planning, Funding and Innovation for submission to the Finance and General Purposes Committee for consideration as appropriate. Individual debts up to £750 may be written off with the permission of the Deputy Principal Planning, Funding and Innovation. Individual debt write-offs in the range £751-£1,500 may be approved by the Principal. Approval for individual debt write off in excess of £1,500 can only be given by the Finance and General Purposes Committee or the Corporation.

Credit notes must be approved by the originator of the sales invoice and the Director of Finance (>£5,000 by the deputy principal planning, funding & innovation).

The Deputy Principal Planning, Funding and Innovation will report the college's position on uncollected debts termly to the Finance and General Purposes Committee.

Student fees

The Finance and General Purposes Committee shall determine each year the student and/or tuition fees to be applied, subject to any regulations made by the Secretary of state or funding body.

The procedures for collecting tuition and residence fees must be approved by the Deputy Principal Planning, Funding and Innovation. He or she is responsible for ensuring that all student fees due to the institution are received.

Any student who has not paid an account for fees or any other item owing to the institution shall not receive the certificate for any degree, diploma or other qualification directly awarded by the institution, as awarding body, until all outstanding debts have been cleared.

All students who have unpaid accounts with the college shall be prevented from re-enrolling at the institution and from using any of the institution's facilities unless appropriate arrangements have been made.

15.6 Student loans

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

15.7 Emergency/hardship loans

The institution's scheme for emergency/hardship loans must be approved by the Corporation. This will include the maximum assistance that can be given in any individual case. Under no circumstances should payments be made other than in accordance with the approved scheme.

16 Non-recurrent grants and contracts

16.1 General

Where approaches are to be made to outside bodies for support for project funding or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the head of department to ensure that the financial implications have been appraised by the Deputy Principal Planning, Funding and Innovation.

The Deputy Principal Planning, Funding and Innovation is responsible for examining every formal application for grant and shall ensure that there is adequate provision of resources to meet all commitments. Grants and contracts shall be accepted on behalf of the institution by the Deputy Principal Planning, Funding and Innovation.

The Deputy Principal Planning, Funding and Innovation shall maintain all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.

Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific budget holder

Control of pay and non-pay expenditure will be contained within the budget centre.

16.2 Recovery of overheads

Overheads will be charged to grant activity whether or not the funding

arrangements permit full recovery.

16.3 Costing/transparency

Staff undertaking grant activity will maintain the records specified by the Deputy Principal Planning, Funding and Innovation to enable compilation of returns to the funding body which meet the requirements of the Transparency Review.

16.4 Grant and contract conditions

Many grant-awarding bodies and contracting institutions stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. Failure to respond to these conditions often means that the institution will suffer a significant financial penalty. It is the responsibility of the named supervisor or grant holder to ensure that conditions of funding are met.

17 Other Income-Generating Activity

17.1 Private consultancies and other paid work

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

- Outside consultancies or other paid work may not be accepted without the consent of the Deputy Principal Planning, Funding and Innovation (and in the case of the Deputy Principal Planning, Funding and Innovation, the Principal)
- Applications for permission to undertake work as a purely private activity must be submitted to the Deputy Principal Planning, Funding and Innovation or Principal, as appropriate.

17.2 Short courses and services rendered

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

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

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

17.3 Partnering, Franchising, Off-site collaborative provision and similar arrangements

Any contract or arrangement whereby the institution provides education to students away from institution premises, or with the assistance of persons other than the institution's own staff or with independent contractors (partner institutions), must be subject to the pre contract procedures outlined in the Business Enterprise Procedures manual.

17.4 European Union (EU) and other matched funding

Any such project requires the approval of the Deputy Principal Planning, Funding and Innovation prior to any commitment being entered into. Such approval shall be dependent upon the relevant head of department being able to demonstrate that eligible matching funds are available 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 £50,000 shall be the subject of a report to the Finance and General Purposes Committee which will set out, amongst other things, the potential risks generated by the project.

17.5 Profitability and recovery of overheads

All other income-generating activities must be self-financing or surplus-generating unless there are compelling reasons why this is not the case. The reason for it must be specified and agreed by the head of department and the Deputy Principal Planning, Funding and Innovation. Any activity likely to require subsidy greater than £50,000 must be the subject of review by the Finance & General Purposes Committee prior to any commitment being made.

17.6 Deficits

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

17.7 Additional contributions to departments

Distribution of profits on other income-generating activity between central funds of the institution and individual departments will be in accordance with the policy approved by the Finance and General Purposes Committee.

17.8 Additional payments to staff

Any proposal that involves additional payments to members of staff, or remission of standard teaching hours, must be supported by a schedule of names and values and must be approved by the head of department and the Director of Human Resources, and in the case of a head of department, the Principal .

18 Intellectual Property Rights and Patents

18.1 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.

18.2 Patents

The Finance and General Purposes Committee 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.

18.3 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 and contained in the institution's detailed financial procedures.

19 Expenditure

19.1 General

The Deputy Principal Planning, Funding and Innovation is responsible for making payments to suppliers of goods and services to the institution.

19.2 Scheme of delegation/financial authorities

The head of department is responsible for purchases within his or her department. Purchasing authority may be delegated to named individuals within the department. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures.

The Deputy Principal Planning, Funding and Innovation shall maintain a register of authorised signatories and heads of department must supply him or her with specimen signatures of those authorised to certify invoices for payment (for paper-based systems).

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

The Deputy Principal Planning, Funding and Innovation must be notified immediately of any changes to the authorities to commit expenditure.

19.3 Procurement

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

19.4 Purchase orders

The ordering of goods and services shall be in accordance with the institution's detailed financial procedures/purchasing policies. Details of purchase requisition and invoice authorization levels are contained in Appendix F.

When transferring goods or services between departments, an interdepartmental transfer form must be used.

19.5 Purchasing cards

The operation and control of the institution's purchasing cards is the responsibility of the Deputy Principal Planning, Funding and Innovation.

Holders of purchasing cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs. The Deputy Principal Planning, Funding and Innovation 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. Details of the operation of the scheme are set out in the financial procedures.

19.6 **Tenders and quotations**

Budget holders must comply with the institution's tendering procedures contained in the Financial procedures, which are applicable as follows:

- under £3,000 (£5,000 for Construction, Building & Engineering projects)- the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained
- from £3,000 to £20,000 (£25,000 for Construction, Building & Engineering projects) – the budget holder shall be required to obtain at least three written quotations
- over £20,000 (£25,000 for Construction, Building & Engineering projects) – all items will require three competitive tenders

Only partnership arrangements for the supply of education and training specifically approved by the Corporation will fall outside these arrangements for tenders and quotations.

Acceptance of a tender shall be as follows:

Up to £25,000 – Deputy Principal Planning, Funding & Innovation

£25,000 to £100,000 - the Principal/Chief Executive;

above £100,000 - the Finance and General Purposes Sub Committee.

The Principal may approve the acceptance of a tender other than the lowest up to £25,000. The Principal/Chief Executive shall not accept any tender other than the lowest above £25,000 without approval of the Finance and General Purposes Committee. Any recommendation to accept a tender other than the lowest shall be accompanied by a report from the Deputy Principal, Planning, Funding and Innovation.

Overspends against tender values may be authorized in accordance with the authorization levels for acceptance of a tender. The authorization level applies to total value of the original tender and all overspends. Overspends against budget will be dealt with in accordance with Financial Regulations section 11. Separate regulations apply to overspends on building and engineering contracts – refer to Financial Regulations section 19.8.

Detailed Tendering procedures can be found in the institution's Financial Procedures.

19.7 Post-tender negotiations

Post-tender negotiations (ie after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms can be entered into, provided:

- it would not put other tenderers at a disadvantage
- it would not affect their confidence and trust in the institution's tendering process.

In each case, a statement of justification should be approved by the Deputy Principal Planning, Funding and Innovation prior to the event, showing:

- Background to the procurement
- Reasons for proposing post-tender negotiations
- Demonstration of the improved value for money.

All post-tender negotiations should be reported to the Finance and General Purposes Committee.

19.8 Contracts

Building, engineering & construction contracts are the responsibility of the Finance

and General Purposes Committee and are administered by the institution's Deputy Principal Corporate Services.

Proposals will normally be initiated by the Head of Estates in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments. Quotations or tenders should be sought in accordance with the college's tendering and ordering regulations (see above).

A detailed policy for contracts relating to building, engineering and construction work is contained in the Appendix D

19.9 **EU regulations**

The Deputy Principal Planning, funding & Innovation is responsible for ensuring the institution complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The Deputy Principal Planning, Funding and Innovation will advise budget holders on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

It is the responsibility of heads of department to ensure that their members of staff comply with EU regulations by notifying the purchasing officer of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as the *Official Journal of the European Community* (OJEC).

The Deputy Principal Planning, Funding and Innovation is also required to submit to the funding body annually details on expenditure which exceeds the threshold. Copies of the relevant documentation falling into this category must be provided by heads of department to the purchasing officer.

19.10 **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 shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

All goods received shall be entered onto an appropriate goods received document or electronic receipting system on the day of receipt. All persons receiving goods on behalf of the institution must be independent of those who negotiated prices and terms and placed the official order.

19.11 Payment of invoices

The procedures for making all payments shall be in a form specified by the Deputy Principal Planning, Funding and Innovation.

The Deputy Principal Planning, Funding and Innovation 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 each week. In exceptional circumstances cheques may be issued manually for urgent payments. Cheque & BACS authorization policies are contained in Appendix F

Budget holders are responsible for ensuring that expenditure does not exceed funds available.

Payments will only be made by the finance department against invoices that have been certified for payment by the appropriate budget holder, or matched to a receipted order.

19.12 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.

Staff advances of a minimum of £50 and maximum of £250 per staff member may be approved by the budget holder and a finance signatory. 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.

19.13.1 Institution credit cards

Where appropriate, the Principal or the Deputy Principal Planning, Funding and Innovation may approve the issuing of institution credit cards to senior staff. Such credit cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. The Deputy Principal Planning, Funding and Innovation will be responsible for setting in place a system to monitor the use of institution credit cards and account for expenses charged through them. See Appendix F for authorization limits.

19.14 Petty cash

The Deputy Principal Planning, Funding and Innovation shall make available to departments such imprests as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum. See Appendix F for authorization limits.

Requisitions for reimbursements must be sent to the Deputy Principal Planning, Funding and Innovation or his/her nominee, 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 the head of department or another person nominated by him or her.

19.15 Other payments

Payments for maintenance and other items to students on behalf of sponsoring institutions shall be made on the authority of the Deputy Principal Planning, Funding and Innovation, supported by detailed claims approved by the head of department.

Individual payments under 'outward collaborative provision' or similar contracts shall be authorised by the Deputy Principal Planning, Funding and Innovation. This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved under a scheme set out by the Finance and General Purposes Committee.

19.16 Late payment rules

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

In view of the penalties in this Act, the Corporation requires that invoices must be processed and approved, as appropriate, in such a manner as to ensure compliance with the Act. .

19.17 Project advances

The Deputy Principal Planning, Funding and Innovation and the relevant budget holders may jointly 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 credit 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.

19.18 Giving hospitality

Staff entertaining guests from outside bodies at lunch time should normally use the institution's catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement.

The limits concerning acceptable expenditure for entertaining guests are set out in the institution's detailed financial procedures.

20 Pay Expenditure

20.1 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 Director of Human Resources

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 postholders will be determined by the remuneration committee set up by the Corporation.

20.2 Appointment of staff

All contracts of service shall be concluded in accordance with the institution's approved personnel practices and procedures and all offers of employment with the institution shall be made in writing by the Director of Human Resources. The Principal may in his or her own right approve the appointment of staff of no greater than £50,000 per annum including on costs in line with financial regulation 11.3.

20.3 Salaries and wages

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

The Director of Human Resources will be responsible for keeping the Deputy Principal Planning Funding and Innovation informed of all matters relating to personnel for payroll purposes.

All casual and part-time employees will be included on the payroll, unless self-employed status is fully evidenced to the satisfaction of the Deputy Principal Planning, Funding and Innovation who shall be guided in this by the provisions of Her Majesty's Revenue & Customs.

The Director of Human Resources 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 HMRC regulations.

20.4 Superannuation schemes

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

The Director of Human Resources is responsible for administering eligibility to pension arrangements and for determining when deductions should begin or cease for staff.

20.5 Travel, subsistence and other allowances

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Deputy Principal Planning, Funding and Innovation.

Claims by members of staff must be authorised by their line manager.

Arrangements for travel by the Principal or members of the Corporation shall be approved by the Chair of the Corporation. Arrangements for travel by the Chair shall be approved by the Finance and General Purposes Committee.

Overseas travel

- 20.6.1** 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 of the Corporation. Arrangements for travel by the Chair shall be approved by the Finance and General Purposes Committee. All overseas travel must be approved by the Principal to a maximum of £5,000 per student or member of staff, amounts in excess of this should be referred to Finance and General Purposes Committee for approval.

20.7 Allowances for members of the Corporation

No allowances will be generally payable to members of the Corporation.

In exceptional circumstances, claims for members of the Corporation will be

authorised by the Chair of the Corporation. Claims for reimbursement of out of pocket expenses may be made and paid where specifically approved by the Chair of the Corporation, but only reasonable expenses can be reimbursed.

20.8 Severance and other non-recurring payments

Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the Corporation through the Finance and General Purposes Committee and, where appropriate, the Remuneration Committee. Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose. All such payments shall be authorised by the College's Human Resources Panel. Any individual amounts that do not fall within the parameters above or are in excess of £30,000 require approval by the Finance and General Purposes Committee. In exceptional circumstances this approval may be given by the Chair of Remuneration and the Chair of the Finance and General Purposes Committee in consultation with the Principal, to be reported to the next meeting of the relevant committee. Amounts paid should be declared in the financial statements.²

21 Assets

21.1 Land and buildings

The purchase, lease or rent of land and buildings 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. The Clerk to the Corporation or the college's solicitors shall have custody of all title deeds under secure arrangements agreed with the Principal and approved by the Finance and General Purposes Committee.

21.2 Fixed asset register

The Deputy Principal Planning, Funding and Innovation is responsible for maintaining the institution's register of land, buildings, fixed plant and machinery.

² A funding body requirement for the further education sector.

21.3 **Inventories**

Heads of department are responsible for maintaining inventories, in a form prescribed by the Deputy Principal Planning, Funding and Innovation, for all plant, equipment, furniture and stores in their departments with a value in excess of £500. The inventory must include items donated or held on trust.

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

21.4 **Stocks and stores**

Heads of department are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting in departments must have the approval of the Deputy Principal Planning, Funding and Innovation.

21.5 **Safeguarding assets**

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

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

21.6 **Personal use**

Assets owned or leased by the institution shall not be subject to personal use without the authorisation of the Deputy Principal Planning, Funding and Innovation.

21.7 **Asset disposal**

Disposal of equipment and furniture must be in accordance with procedures agreed by the Finance and General Purposes Committee and contained in the institution's detailed financial procedures.

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

21.8 All other assets

Heads of department are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the institution, whether tangible or intangible. Heads of Department and the head of ICT are jointly responsible for establishing the security and control of electronic data.

22 Funds Held on Trust

22.1 Gifts, benefactions and donations

The Deputy Principal Planning, Funding and Innovation 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.

22.2 Student welfare and access funds

The Deputy Principal Planning, Funding and Innovation will prescribe the format for recording the use of student welfare funds.

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

22.3 Trust funds

The Deputy Principal Planning, Funding and Innovation is responsible for maintaining a record of the requirements for each trust fund and for advising the Finance and General Purposes Committee on the control and investment of fund balances.

23.4 Voluntary funds

The Deputy Principal Planning, Funding and Innovation 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.

23 Other

23.1 Insurance

The Clerk to the Corporation 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 be considered and those most effectively dealt with by insurance cover will be identified and insured against. This portfolio of insurances will be considered and approved by the Finance and General Purposes Committee on a bi-ennial basis.

23.2 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 Deputy Principal Planning, Funding and Innovation immediately.

An officer shall be responsible for maintaining proper security and privacy of information held on the institution's computer network. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

The Deputy Principal Planning, Funding and Innovation 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 Deputy Principal Planning, Funding and Innovation. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

23.4 Students' Union

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

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

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

At year end the Students' Union financial statements will be audited by an appropriately qualified firm of auditors and will be presented to the Finance and General Purposes Committee for information.

In accordance with an agreement between the institution and the Students' Union, the institution's internal auditor shall have access to records, assets and personnel within the Students' Union in the same way as other areas of the institution.

23.5 Use of the institution's seal

Where a deed or document requires the institution's seal, it must be sealed by the clerk to the governors or, in his or her absence, the Deputy Principal Planning, Funding and Innovation, in the presence of a member of the Corporation.

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

23.6 Provision of indemnities

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

24 Appendices

Appendix A Depreciation Policy

Appendix B Internal Audit Responsibilities

Appendix C	Fraud Policy
Appendix D	Policies for contracts for building, constructional and engineering work
Appendix E	Cheque signing and BACs payment policies
Appendix F	Authorisation matrix

APPENDIX A: DEPRECIATION POLICY

Depreciation is provided on cost or valuation in equal annual instalments over the estimated useful economic lives of the assets. The rates of depreciation are as follows:

Freehold Buildings	2%	per annum
Plant and Machinery	10%-20%	per annum
Computer Equipment	20%	per annum
Other Equipment	25%	per annum
Vehicles	25%	per annum

Computer application software is written off on purchase.

APPENDIX B: INTERNAL AUDIT RESPONSIBILITIES

INTERNAL AUDIT RESPONSIBILITIES

It is the responsibility of internal audit to:

- a) review and appraise the soundness, adequacy and application of accounting, financial and other controls;
- b) ascertain the extent to which systems of control ensure compliance with established policies and procedures;
- c) ascertain the extent to which the assets and interests entrusted to or funded by the college are properly controlled and safeguarded from losses of all kinds;
- d) ascertain that accounting and other information is reliable as a basis for the production of accounts and other returns;
- e) ascertain the integrity and reliability of financial and other information provided to management including that used in decision-making; and
- f) ascertain that systems of control are laid down and operate to achieve the most economic, efficient and effective use of resources.

The Chief Internal Auditor or his authorised representative shall have authority to:

- a) Enter at all reasonable times on any College premises or land.
- b) Have access to all records, documents and correspondence relating to any financial and other transactions of the College.
- c) Require and receive such explanations as are necessary concerning any matter under examination.
- d) Require any employee of the College to produce cash, stores or any other College property under his control.

Whenever any matter arises which involves, or is thought to involve irregularities concerning cash, stores or other property of the College or any suspected irregularity in the exercise of the functions of the College, the Principal/Chief Executive shall forthwith notify the Chief Internal Auditor who shall take such steps as he considers necessary by way of investigations and report.

The Chief Internal Auditor shall report to the Corporation through the Chair of the Audit Committee. On day to day operational matters, he shall report to the Principal/Chief Executive or his nominee.

POLICY ON FRAUD, CORRUPTION AND IRREGULARITIES

1. INTRODUCTION

1.1 Chesterfield College aims to be an honest and open institution, and expects its staff to act with integrity to safeguard the public resources for which they are responsible. Fraud and corruption are a threat to these resources. This policy is intended to:

- encourage the prevention of fraud and corruption,
- promote its detection, and
- identify a clear pathway for its investigation

2. SCOPE OF THE POLICY

2.1 Detected or suspected acts of fraud, corruption and other irregularities in any area of the College's activities.

3. RESPONSIBILITIES

3.1 The Corporation has a responsibility to:

- develop and maintain effective controls to prevent fraud;
- carry out vigorous and prompt investigations if fraud may have occurred;
- consider at the first available meeting any evidence of fraud, irregularity or corruption and consider if the matter is sufficiently significant that a special meeting is required
- take appropriate disciplinary and/or legal action against perpetrators of fraud;
- take disciplinary action against staff or their line managers where their failures have enabled fraud to occur.

3.2 Managers are responsible for:

- identifying the risks to which systems and procedures are exposed;
- developing and maintaining effective controls to prevent and detect fraud;
- ensuring that controls are being complied with by all staff.

3.3 Individual members of staff have a responsibility to:

- act with propriety in the use of College resources and in the handling and use of public funds and resources when they are involved with cash, payments systems and receipts, when dealing with contractors or suppliers, or any other aspect of College business;
- Any member of staff who has reasonable suspicions that a fraud, corrupt act or irregularity of any kind has been committed must report the matter immediately to the Deputy Principal (Planning, Funding & Innovation) or other designated senior manager as set out in the Public Interest Disclosure Procedure.

3.4 The Deputy Principal (Planning, Funding & Innovation) is responsible for:

- Notifying the Principal, the Chair of the Audit Committee and the Chair of the Corporation of any suspected fraud, corrupt act or irregularity (as long as they are not implicated).
- ensuring that all employees are made aware of the policy.

3.5 The Deputy Principal (Planning, Funding & Innovation) is responsible to the Principal for the implementation of policies and procedures to eliminate fraud, corruption and other irregularities.

3.6 The Chief Internal Auditor will be informed when evidence of a potential irregularity including fraud, corruption or any other impropriety, is discovered so that he or she can consider the adequacy of the relevant controls, evaluate the implication of the fraud on risk management, control and governance processes and consider making recommendations as appropriate.

3.7 The designated senior manager of the College in conjunction with the Internal Audit Service will without delay report to the LSC's Chief Executive, and copy to the Executive Director of the local LSC, serious weaknesses, significant fraud, major accounting and other breakdowns, subject to the requirements of the

Proceeds of Crime Act 2003. A significant case may arise when one or more of the following factors are involved:

- sums of money in excess of £10,000,
- the particulars of the fraud are novel, unusual or complex, or
- there is likely to be great public interest because of the nature of the fraud or the people involved

4. APPLICABLE TO

4.1 The policy and associated procedures apply to all employees. This term extends not only to staff who work under a Chesterfield College contract but also to self employed and agency staff engaged to perform services for the College.

5. DEFINITIONS

5.1 For the purposes of this policy Fraud is interpreted as:

- “The intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury”.

and Corruption is interpreted as:

- “Offering, giving or receiving of rewards and inducements designed to influence action”.

5.2 Acts of fraud and corruption can include:

- Abuse of college systems and process for personal gain.
- Obtaining money from the College without consent or following correct procedures.
- Misuse and inappropriate use of College equipment for personal gain.
- Theft of College property.
- Any unlawful activity and/or action in contravention of College policies and procedures.
- Money laundering

6. POLICY

6.1 The College is committed to the proper use of public money. Any detected or suspected acts of fraud, corruption or other irregularities will be rigorously investigated and action taken.

6.2 The College encourages all members of staff to recognise their responsibilities for preventing fraud, corruption and irregularities, whilst ensuring that all suspected and detected fraud, corruption and irregularities are reported through the appropriate process.

6.3 The College has procedures in place that reduce the likelihood of fraud occurring. These include the Financial Regulations, documented procedures and systems of internal control. The Internal Audit Service operational plan is formulated to focus appropriate scrutiny on systems where a potentially high risk of fraud exists.

6.4 The purpose of this policy is to promote accountability and a climate of openness throughout the College and to encourage responsible disclosure of detected or suspected fraud, corruption or irregular activity.

6.5 The College's Public Interest Disclosure Procedure offers members of staff a safe and accessible procedure to raise concerns in a confidential manner, in the knowledge that they will be properly investigated, whilst protecting colleagues against false or malicious accusations.

6.6 Any member of staff who has reasonable suspicion that a fraud or irregularity of any kind has been committed must report the matter immediately in accordance with the College's Public Interest Disclosure Procedure.

6.7 If any member of staff is made aware of a concern by a member of the public, they must report the matter immediately to the Deputy Principal (Planning, Funding & Innovation).

6.8 If the Financial Statements Auditor identifies any serious weakness, or an accounting or other control breakdown, including potential fraud, it will be

reported to the Principal, Deputy Principal (Planning, Funding & Innovation), and the Chairs of Audit Committee and the Corporation without delay.

6.9 Where appropriate an Investigating Manager will be appointed to respond to allegations of fraud, corruption and irregularities.

6.10 If a criminal event is believed to have occurred, the Police, external audit and the Corporation will be informed. A decision to involve the Police will be taken by the College Principal in consultation with the designated Senior Manager, the Investigating Manager and the Chair of the Audit Committee.

6.11 If a criminal act has not taken place, then an internal investigation will be conducted in accordance with the Colleges Public Interest Disclosure Procedure. The investigation will determine the facts, what, if any, disciplinary action is required, what can be done to recover the loss and what may need to be done to improve internal control to prevent the event occurring again.

6.12 The designated Senior Manager will immediately record the details of any disclosure in a log. The log will contain details of all reported suspicions, including those dismissed as minor or otherwise not investigated. It will also contain details of actions taken and conclusions reached. The log will be reviewed by the Audit Committee at least once a year, and the Committee will report any significant matters to the Corporation.

6.13 The designated Senior Manager will inform and consult the Audit Committee at the first opportunity in all cases where the loss may exceed the delegated limit (or any lower limit determined by the Corporation), or where the incident may lead to adverse publicity.

6.14 The Audit Committee will commission special investigations by the internal auditors, or others as appropriate. Where it is not possible to arrange a meeting of the Audit Committee, the Chairman of the Audit Committee should be informed.

6.15 The Investigating Manager will provide a confidential report at least monthly to the appropriate persons who may be the Chair of the Corporation, the Chair of the Audit Committee, the Principal, and the external auditor.

6.16 The Investigating Manager will prepare a concluding report, incorporating the details of the case, the investigation and conclusions. The report will also provide advice and identify any measures required to improve internal control.

6.17 Under no circumstances should a member of staff speak or write to representatives of the press, television, radio, or to another third party about a suspected fraud without the express authority of the Principal. It is essential that nothing is done that could give rise to an action for slander or libel, or otherwise damage the reputation of the College.

APPENDIX D: POLICIES FOR CONTRACTS FOR BUILDING,
CONSTRUCTIONAL OR ENGINEERING WORK

- a) Where contracts provide for payment to be made by instalments, the Deputy Principal (Planning, Funding and Innovation) shall keep a contract register to show the state of the account on each contract together with any payments and the related professional fees.

- b) Payments to contractors shall be authorised only by a certificate in a form agreed with the Deputy Principal (Planning, Funding and Innovation) signed by the Principal/Chief Executive or Director of Finance or other officer nominated by the Principal/Chief Executive in writing. The certificate shall be processed in accordance with the Financial Regulation 13.

- c) Every variation, addition to or omission from a contract shall be authorised in writing by or under the authority of the architect, engineer or consultant named in the contract, except where:
 - i variations which in the exercise of professional judgement are considered essential to allow the project to proceed as envisaged in the brief on which the contract was let may be authorised by him. If the estimate cumulative affect of such variations is to increase the cost of the contract, a report of such increase shall be submitted to the Finance and General Purposes Sub Committee as soon as practicable;

- ii other variations which depart from the brief on which the contract was let and which when taken together are estimated to increase the cost of the contract by more than 5% shall not be authorised without the approval of the Finance and General Purposes Sub Committee.

- d) The certifying officer, architect, engineer or consultant shall produce to the Deputy Principal (Planning, Funding and Innovation) a detailed statement of accounts, together with all relevant documents if required, not later than 14 days before the certificate authorising the final payment is issued.

- e) The Deputy Principal (Planning, Funding and Innovation) shall, to the extent he considers necessary, examine any documents, records and accounts relating to a contract and shall be entitled to receive such information and explanations as he may require.

- f) Claims from contractors for additional payments in respect of matters not clearly within the terms of any contract shall be certified by the architect, engineer or consultant. Any such settlement shall be approved by the Finance and General Purposes Sub Committee.

- g) Where a contract which provides for a penalty clause is not completed within the contract period or an extension thereof, the Clerk to the Corporation shall be informed so that appropriate action may be taken to recover any such penalties which shall not be waived without the prior approval of the Corporation.

- h) In any case where the total cost of any work carried out under a contract less any costs incurred under price fluctuation provisions exceeds the accepted contract sum or total of tender, less any provision for

contingencies, a report of such cost shall be submitted to the Finance and General Purposes Sub Committee not later than six months after the date of the final payment unless reported previously and approval to the increase obtained.

APPENDIX E: CHEQUE SIGNING AND BACS PAYMENT POLICIES

Cheque Signing Policy

- a) All manually produced cheques on the Salaries and Payments Accounts shall be signed by any **two**, except for cheques to the value of £250 which requires only one, of the signatories below:

The Principal/Chief Executive

The Vice Principal

The Deputy Principal (Planning, Funding and Innovation)

The Director of Human Resources

The Management Accountant

- b) Cheques drawn on Imprest Accounts shall be signed by **two** of the officers authorised by the Deputy Principal (Planning, Funding and Innovation) to operate the account.

BACS PAYMENT POLICIES

- a) A computer generated BACs payment run is generated from the finance system by a senior ledger clerk and authorised for payment by one authorised cheque signatory <£250 or two authorised cheque signatories >£250.
- b) Once approved the payment run is imported into the bank software and final

payment authorisation is given electronically by either the Director of Finance, Management Accountant or Office manager.

APPENDIX F AUTHORISATION MATRIX

Ref	Document or activity	Value	Authoriser
10.7	Major developments	>£50,000	FGPC
11.3	Changes to the Approved Budget	<£25,000 £25,000 to £50,000 >£50,000	Principal FGPC Corporation
11.4	Virement of budget	<10% >10%	Head of Department FGPC
19.4	Purchase Requisitions and invoices	< £5,000 > £5,000	Head of Department or authorised assistant e.g. Programme Manager Deputy Principal (P,F & I) or Principal
19.6	Tenders & Quotations	<£3,000 (£5,000 Building, Constructional or Engineering work) £3,000 to £20,000 (£25,000 Building, Constructional or Engineering work) > £20,000 (£25,000 Building, Constructional or engineering work) >£50,000	Quotes at budget holder's discretion At least three quotations At least three competitive tenders Should be reported to FGPC
15.4	Bad debt Write off	<£750	Deputy Principal (P,F & I)

		£751 to £1,500 >£1,500	Principal FGPC
15.4	Sales Credit notes	<£5,000 >£5,000	Originator of the sales invoice or the Director of Finance Deputy Principal (P,F & I)
19.11	BACS & CHAPS Payments	Up to £250 Over £250	One authorised cheque signatory Two authorised cheque signatories NB urgent requests need authorization from Head of Department or direct report in their absence
19.11	Manual cheques	<£250 > £250	One authorised signatory Two authorised signatories NB urgent requests need authorization from Head of Department or direct report in their absence
19.13	College credit card payment request (One week notice required & purchase authorization limits also apply))	up to £5,000	Head of Department or authorised assistant e.g. Programme Manager

		over £5,000	Deputy Principal (P,F & I) or a member of the Principalship
19.14	Cheques drawn on imprest account		Two authorised signatories
19.14	Petty cash request	Maximum £50 unless approved by Director of Finance then a maximum of £1,000 will be allowed.	Head of Department or authorised assistant e.g. Programme Manager
19.12	Expense claims		Head of Department or Principal if claim by HOD
19.12	Staff advance	Minimum £50 maximum £250	Budget holder and Director of Finance, Management Account or Finance Office manager
9.4	Hospitality	>£50	Approved by Deputy Principal (P,F & I) & noted in hospitality register
20.2	Appointment of Staff	<£50,000 >£50,000	Human Resources Panel FGPC
21.2	Maintenance of Inventory	>£100	Annually Checked and authorized by Head of department
	Project advances		Deputy Principal (P,F & I) and Head of Department
20.5	Overseas travel	up to £5,000 per person	Principal (in advance

> £5,000

of committing
expenditure)
FGPC