

# Financial Regulations

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**Impact Assessment Status:** In preparing the Policy, any potential disproportionate impact it might have upon individuals with protected characteristics, as defined in the Equality Act 2010, have been carefully considered. It is the conclusion of the College Group that the Policy does not adversely impact on individuals with any of the protected characteristics.

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## Definitions

### **College**

This refers to Chesterfield College and any subsidiaries or entities over which it exercises control.

### **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 college's system of internal control.

### **Budget Holder**

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

### **Authorised Signatory**

A member of staff who has been granted permission either to authorise expenditure against an assigned budget or, in relation to bank accounts, authorise bank transactions on behalf of the college, within limits set by the Assistant Principal Finance, IT and Estates and/or the Finance Manager.

### **Corporation**

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

### **Principal and Chief Executive Officer**

The person with ultimate executive responsibility for the management of the college, and who acts as its Chief Accounting Officer.

### **Assistant Principal Finance, IT and Estates**

The Executive Officer that is accountable for the financial affairs of the college.

### **Finance and Corporate Services Committee**

The Committee with delegated responsibility for financial matters.

### **Senior Management Team**

The Senior Management Team comprises the Principal and Chief Executive Officer, Deputy Principal, and Assistant Principals of Chesterfield College.

### **Funding Body**

In further education, this refers to the relevant funding council. For England, it refers to the Education and Skills Funding Agency (ESFA). Similarly, the Office for Students (OfS) is the funding body that funds higher education provision delivered by the college.

## Scope

This policy and associated operating procedures apply to Chesterfield College, which includes our subsidiary companies: Training Services 2000 Ltd, Learning Unlimited ATA Ltd, Recruit Unlimited Ltd and Chesterfield College Enterprises Ltd. Throughout this document, the use of the term 'college' refers to itself and its wholly owned subsidiaries.

## Policy Statements

### 1. Introduction

1.1 Chesterfield College is a Further Education Corporation established under the provisions of the Further and Higher Education Act 1992, as amended by the Education Act 2011. The college's structure of governance is laid down in the instruments and articles of government, which may only be amended by application to the Secretary of State for Education. The college is accountable through the Corporation, which has ultimate responsibility for the effectiveness of its management and administration.

1.1.1 The college is an exempt charity by virtue of the Charities Act 2011.

1.2 The financial memorandum between the relevant funding body and the college sets out the terms and conditions on which the grant is made. The Corporation is responsible for ensuring that conditions of the grant are met. As part of this process, the college 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 college form part of this overall system of accountability.

### 2. Status of Financial Regulations

2.1 This document sets out the college's Financial Regulations. It sets out the college's broad policies relating to financial control. This document was approved by the Corporation.

2.2 These Financial Regulations are subordinate to the college's instruments and articles of government and to any restrictions contained within the college'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 college's resources and provide management with assurances that the resources are being properly applied for the achievement of the college's strategic plan and business objectives on a sustainable basis, including:

- 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 college complies with all relevant legislation.

- Safeguarding the assets of the college.

2.4 Compliance with the Financial Regulations is compulsory for all staff connected with the college. Any 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.

2.5 It is a condition of becoming a budget holder that these regulations are read and understood. It is the responsibility of the College Management Team to ensure that their staff are made aware of the existence and content of the college's Financial Regulations.

2.6 The Finance and Corporate Services Committee is responsible for maintaining oversight of the effectiveness of the Financial Regulations, through the Assistant Principal Finance, IT and Estates, and for advising the Corporation, at the earliest opportunity, of any necessary additions or changes.

2.7 In exceptional circumstances, the Finance and Corporate Services Committee may authorise a departure from the detailed provisions herein; such departure is to be reported to the Corporation at the earliest opportunity.

2.8 All values stated within the Financial Regulations are quoted inclusive of VAT where applicable, unless otherwise stated.

### **3. The Corporation**

3.1 The Corporation is responsible for the management and administration of the college. Its financial responsibilities are detailed in the Terms of Reference which are available from the Head of Governance.

### **4. Chief Accounting Officer**

4.1 The Principal and Chief Executive Officer is the college's Chief Accounting Officer and is responsible for ensuring the financial administration of the college's affairs in accordance with the financial memorandum with the funding body.

4.2 The Principal and Chief Executive Officer 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 Chief Executive Officer's Statement of the three-year financial forecasts submitted to the funding body.

### **5. Committee Structure**

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

#### **5.2 Finance and Corporate Services Committee**

5.2.1 Monitoring of the college's financial position and financial control systems is undertaken by the Finance and Corporate Services 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 college's medium-term and strategic plans is also undertaken by the Finance and Corporate Services 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 Corporate Services Committee are available from the Head of Governance.

### **5.3 Audit Committee**

5.3.1 Colleges 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.

5.3.2 The Audit Committee will ensure that the internal control systems, risk management, and control and governance processes, including audit activities, of the college and its subsidiaries are monitored actively, independently, and objectively to:

- Advise Corporation on the adequacy and effectiveness of the college's assurance framework and systems of internal control and determine the annual assurance plan.
- Advise and support Corporation in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities.
- Advise Corporation on the appointment, reappointment, dismissal, and remuneration of the external auditor, reporting accountant, internal auditor, and other assurance providers, and establish that all such assurance providers adhere to relevant professional standards.
- Approve any additional services provided by the external auditor, internal auditor, and other assurance providers, and explain how independence and objectivity are safeguarded.
- Review and consider the reports of the external auditor, internal auditor, and other assurance providers, and monitor the implementation of recommendations to agreed timescales.
- Advise on the reliability of the college's corporate data.
- Oversee the college's policies and processes for fraud, irregularity, impropriety, and whistleblowing and ensure:
  - The proper, proportionate, and independent investigation of all allegations and instances of fraud and irregularity.
  - That investigation outcomes are reported to the Committee.
  - That the external auditor and internal auditor are informed of investigation outcomes and other matters of fraud, irregularity and impropriety and that appropriate follow-up action has been planned/actioned.
  - That all significant cases of fraud or suspected fraud, theft, bribery, corruption or irregularity, major weakness, or breakdown in the accounting or other control are reported to the Corporation.

- Produce an annual report to the Corporation on work undertaken during the year by the Audit Committee and its advisors.

5.3.3 The audit requirements of the college are set out in the funding body's audit code of practice. Detailed Terms of Reference for the Audit Committee are available from the Head of Governance.

## **5.4 Remuneration Committee**

5.4.1 Consideration of senior postholder 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 Head of Governance.

## **5.5 Standards and Performance Committee**

5.5.1 The Standards and Performance Committee's responsibilities relevant to the Financial Regulations are to develop and review the policies and/or strategies to achieve continuous improvement in the quality of the college's provision and review the effectiveness of actions in the college's Strategic Plan. This would include the Standards and Performance Committee having regard to the effectiveness of expenditure and investment in such strategies, policies, and improvement actions.

5.5.2 Detailed terms of reference for the Standards and Performance Committee are available from the Head of Governance.

## **5.6 Governance and Search Committee**

5.6.1 The Governance and Search Committee's responsibilities relevant to the Financial Regulations are in monitoring and advising the Committee on the effectiveness of corporate governance, recruiting sufficient governors with financial expertise, and ensuring compliance with the Committee's chosen corporate code.

5.6.2 Detailed terms of reference for the Governance and Search Committee are available from the Head of Governance.

## **6. Other Senior Managers with Financial Responsibility**

### **6.1 Assistant Principal Finance, IT and Estates**

6.1.1 Day to day financial administration is controlled by the Assistant Principal Finance, IT and Estates, who is responsible to the Principal and Chief Executive Officer for:

- Preparing annual capital and revenue budgets, financial plans, and financial reforecasts.
- Preparing accounts, management information, monitoring and maintaining control of expenditure against budgets and all financial operations.
- Preparing the college's annual accounts and any other financial statements or accounts which the college may be required to submit to other authorities.
- Ensuring that the college 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 to achieve efficient processes.
- The preparation and maintenance of financial regulations and procedures, and their dissemination to all staff members.
- The ownership of all funding and grant agreements.
- All banking, treasury and borrowing matters.

## **6.2 Other Members of the Senior Leadership Team**

- Achieving all financial targets in the areas for which they are responsible, as set by the Corporation.
- The efficient and effective use of resources at their disposal in their areas of responsibility.
- Maintaining clear lines of financial responsibility within the college.
- Ensuring compliance with the Financial Regulations within their area of responsibility in the college.

## **6.3 Budget Holder**

6.3.1 Budget holders are responsible to the Principal and Chief Executive Officer for financial management of the areas or activities they control. They are advised by the Assistant Principal Finance, IT and Estates in executing their financial duties.

6.3.2 Budget holders are responsible for ensuring that they work within the annual financial budgets set by the Assistant Principal Finance, IT and Estates and establishing and maintaining clear lines of responsibility within their department for all financial matters. Budget holders are also responsible for day-to-day operation of financial procedures in their own areas and ensuring that the action that they, and those of the staff that they are responsible for, take is in accordance with the Financial Regulations.

6.3.3 Budget holders shall provide the Assistant Principal Finance, IT and Estates with such information as may be required to enable:

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

## **6.4 All Members of Staff**

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

6.4.2 They should ensure that they are aware of the college'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 H.

6.4.3 They shall provide the Assistant Principal Finance, IT and Estates 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.



6.4.4 They shall immediately notify the Assistant Principal Finance, IT and Estates whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the college. The Assistant Principal Finance, IT and Estates shall take such steps as he or she considers necessary by way of investigation and report.

## **7. Risk Management**

7.1 The college acknowledges the risks inherent in its business and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable or unacceptable by the college is set out in a separate Risk Management Policy.

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

7.3 Budget holders must ensure that any agreements negotiated by their departments with external bodies cover any legal liabilities to which the college may be exposed. All contracts must be approved by the Assistant Principal Finance, IT and Estates or his/her designated deputy the Finance Manager.

7.3.1 In extension to the above (7.3), Apprenticeship Contracts (CON002) can be signed by the Head of Stakeholder Engagement.

7.4 The Assistant Principal Finance, IT and Estates 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 Corporate Services Committee. All staff must promptly advise the Assistant Principal Finance, IT and Estates of any new risk, property, plant, or vehicles acquired which require to be insured. They will also notify the Assistant Principal Finance, IT and Estates promptly in writing of any loss, liability or damage or any event which may give rise to an insurance claim. The advice of the Assistant Principal Finance, IT and Estates shall be sought regarding the terms of any indemnity which the college is asked to provide.

7.5 The Audit Committee is responsible for the regular review of the Strategic Risk Register as well as overall risk management framework.

## **8. Whistleblowing**

8.1 Whistleblowing is when a report is made about suspected wrongdoing which is in the public interest. This is referred to as making a disclosure in the public interest. A whistleblower is someone who raises serious concerns about wrongdoing or malpractice so that problems can be identified and resolved quickly.

8.2 Under the Public Interest Disclosure Act 1998 and the Enterprise and Regularity Reform Act 2013, the disclosure of confidential information in the public interest is a lawful act and a worker cannot be dismissed, disciplined, or unfavourably treated provided the worker has followed the whistleblowing procedure to raise the concerns and acted in the public interest and not for personal gain or out of personal motives.

8.3 The full procedure for whistleblowing is set out in the college's Whistleblowing Policy, which is available from the Head of Governance and on the staff intranet.

## **9. Conflict of Interest**

9.1 Members of the Corporation, senior management, or those involved in procurement are required to disclose interests in the college's register of interests maintained by the Head of Governance. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly.

9.2 No person shall procure goods or services where he or she also has an interest in the activities of the other party without the approval of the Assistant Principal Finance, IT and Estates.

## **10. Receiving Gifts or Hospitality**

10.1 The college has a zero-tolerance policy towards bribery and corruption. It is an offence, under the Bribery Act 2010 and 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. The penalties are severe for any employee convicted under the Act, which could mean a criminal record with ten years imprisonment and unlimited fines.

10.2 The guiding principles to be followed by all members of staff are:

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

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

10.4 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 Head of Governance or the Assistant Principal Finance, IT and Estates. For the protection of those involved, the Head of Governance 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 Head of Governance or Assistant Principal Finance, IT and Estates promptly.

10.5 Further guidance on receiving gifts and hospitality can be found in the college's Fraud Policy and Bribery Policy in Appendices C and E.

## **11. Financial Planning**

11.1 The Assistant Principal Finance, IT and Estates is responsible for preparing annually a rolling three-year financial plan for approval by the Corporation on the recommendation of the Finance and Corporate Services 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.

### **11.2 Budget Preparation**

11.2.1 The Assistant Principal Finance, IT and Estates is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Finance and Corporate Services 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 Assistant Principal Finance, IT and Estates is responsible for submitting revised forecasts to the Finance and Corporate Services Committee for consideration before submission to the Corporation for approval.

### **11.3 Capital Programmes**

11.3.1 The capital programme includes all expenditure on land, buildings, equipment, furniture, and associated costs whether they are funded from capital grants or capitalised for inclusion in the college's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the Corporation.

11.3.2 The Assistant Principal Finance, IT and Estates 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 Assistant Principal Finance, IT and Estates 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 Assistant Principal Finance, IT and Estates is responsible for providing regular statements concerning all capital expenditure to the Finance and Corporate Services Committee.

11.3.3 Capital authorisation requests should be submitted by a member of the Senior Leadership Team for approval by the Senior Management Team. This individual will be designated as the "proposer" for the project and as such will project manage its successful implementation, in terms of timeliness, cost and associated benefits.

### **11.4 Overseas Activity**

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

### **11.5 Other Major Developments**

11.5.1 Any new business activity, or proposed establishment of a company or joint venture outside the normal course of business, 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 Corporate Services Committee. There may be a statutory requirement to refer the proposal

for a new company or joint venture to the relevant or other funding body, and any statutory requirement should be adhered to by the college before approval is confirmed.

## **12. Financial Control**

### **12.1 Budgetary Control**

12.1.1 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.

12.1.2 Any anticipated overspend or underachievement of income must be reported immediately to the Assistant Principal Finance, IT and Estates and Finance Manager by the budget holder concerned and, if necessary, corrective action taken.

### **12.2 Financial Information**

12.2.1 Budget holders are assisted in their duties by management information provided by the Assistant Principal Finance, IT and Estates or delegate. It will be agreed what type of management information will be available to the different levels of management, together with the timing at which they can be expected.

12.2.2 The Assistant Principal Finance, IT and Estates is responsible for supplying budgetary reports on all aspects of the college's finances to the Finance and Corporate Services Committee on a basis determined by the Committee but subject to any specific requirements of the funding body.

12.2.3 Latest management accounts will be submitted to each Finance and Corporate Services Committee meeting. The Assistant Principal Finance, IT and Estates will report any actual or anticipated variances to budget and report a revised outturn for the year along with consideration of action to address variances to budget.

### **12.3 Changes to the Approved Budget – Reporting of Performance**

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

- Principal and Chief Executive Officer and/or Assistant Principal Finance, IT and Estates up to £50,000.
- Finance and Corporate Services Committee up to £100,000.

### **12.4 Treatment of Year-End Balances**

12.4.1 At the year end, budget holders will not have the authority to carry forward a balance on their budget to the following year unless the Finance and Corporate Services Committee has approved a specific scheme for carrying forward all or part of unspent amounts.

## **13. Accounting Arrangements**

### **13.1 Financial Year**

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

## **13.2 Basis of Accounting**

13.2.1 The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards, modified by the revaluation of certain fixed assets.

## **13.3 Format of the Financial Statements**

13.3.1 The financial statements are prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education (2015), the College Accounts Direction for each year and in accordance with Financial Reporting Standard 102, subject to any specific requirements of the funding body and any other relevant legislation.

## **13.4 Capitalisation and Depreciation**

13.4.1 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 instalments over their estimated remaining useful life. Land will not be depreciated.

13.4.2 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.

13.4.3 Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the Balance Sheet where the acquisition is £1,000 or more. The college's depreciation policy is contained in Appendix A.

## **13.5 Accounting Records**

13.5.1 The Assistant Principal Finance, IT and Estates is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities. The college is required by law to retain prime documents for six years.

13.5.2 Members of staff should ensure that retention arrangements comply with any specific requirements of funding bodies.

## **13.6 Public Access**

13.6.1 Under the terms of the funding agreement, the Corporation is required to publish a copy of the college's most recent financial statements on its website by 31st January following the year end.

13.6.2 The college may also be required to disclose financial information in accordance with the Freedom of Information Act 2000.

## **13.7 Taxation**

13.7.1 The Assistant Principal Finance, IT and Estates is responsible for advising budget holders, in light of guidance issued by the appropriate bodies and relevant legislation as it applies, on

all taxation issues. Therefore, the Assistant Principal Finance, IT and Estates will issue instructions to budget holders on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, Corporation Tax and Import Duty.

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

## **14. Audit Requirements**

### **14.1 General**

14.1.1 The college's accounts, financial records, operations, and systems shall be subject to audit in accordance with best audit practice, the provisions of the Further and Higher Education Act 1992 and with the directives and requirements of the funding body.

14.1.2 External auditors and internal auditors shall have authority to:

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

14.1.3 The Assistant Principal Finance, IT and Estates is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

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

### **14.2 External Audit**

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

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

14.2.3 In addition, the funding body may appoint auditors to carry out an external audit of 'Regularity Audit' as per ESFA requirements. The primary role of this audit is to assess that in all material respects, the college's expenditure and income for the year of the audit have been

applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

14.2.4 At the conclusion of their audit, an audit opinion on the college's accounts shall be submitted to the Corporation. In addition, a detailed management letter shall be prepared for consideration by the Audit Committee and Corporation.

### **14.3 Internal Audit**

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

14.3.2 The college's financial memorandum with its funding bodies requires that it has an effective internal control function, and their duties and responsibilities must be in accordance with advice set out in the funding bodies' Audit Code of Practice.

14.3.3 The main responsibility of internal audit is to provide the Corporation, the Principal and Chief Executive Officer and senior management with assurances on the adequacy of the internal control system.

14.3.4 The internal audit service remains independent in its planning and operation but has direct access to the Corporation, Principal and Chief Executive Officer, and Chair of the Audit Committee. The formal responsibilities of internal audit are detailed at Appendix B.

14.3.5 The internal auditor will comply with International Internal Audit Standards and the Auditing Practices Board's auditing guideline Guidance for Internal Auditors.

### **14.4 Fraud and Corruption**

14.4.1 It is the duty of all members of staff, management, and the Corporation to notify the Assistant Principal Finance, IT and Estates immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption, or any other impropriety. The college has a Fraud Policy, which incorporates the following key elements (see Appendix C for fuller details):

- The Assistant Principal Finance, IT and Estates will notify the Principal and Chief Executive Officer 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 and Chief Executive Officer 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.

14.4.2 If the suspected fraud is thought to involve the Assistant Principal Finance, IT and Estates and/or the Principal and Chief Executive Officer, the member of staff shall notify the Chair of the Audit Committee direct of their concerns regarding irregularities.

14.4.3 The college has Anti-Money Laundering and Bribery Policies which can be found in Appendices D and E.

#### **14.5 Value for Money**

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

14.5.2 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.

#### **14.6 Other Auditors**

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

### **15. Treasury Management**

#### **15.1 Treasury Management Policy**

15.1.1 The Finance and Corporate Services Committee is responsible for approving a Treasury Management Policy Statement which sets 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 Corporate Services Committee has a responsibility to ensure implementation, monitoring and review of such policies.

15.1.2 Decisions concerning borrowing, investment or financing should be made in accordance with the college's Treasury Management Policy and an appropriate reporting system. All borrowing shall be undertaken in the name of the college and shall conform to any relevant funding body requirements. The Assistant Principal Finance, IT and Estates will report to the Finance and Corporate Services Committee at least annually 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.

#### **15.2 Appointment of Bankers and Other Professional Advisors**

15.2.1 The Corporation is responsible for the appointment of the college's bankers and other professional financial advisers (such as investment managers) on the recommendation of the Finance and Corporate Services Committee. New investment accounts will be opened with the approval of the Assistant Principal Finance, IT and Estates in line with the Treasury Management Policy.

#### **15.3 Banking Arrangements**



15.3.1 The Assistant Principal Finance, IT and Estates is responsible, on behalf of the Finance and Corporate Services Committee, for liaising with the college's bankers in relation to the college's bank accounts.

15.3.2 All payments made on behalf of the college, such as BACS or CHAPS, must be authorised in the appropriate manner. Details of authorised persons and limits can be found in Appendix H.

15.3.3 The Assistant Principal Finance, IT and Estates is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

## **16. Income**

### **16.1 General**

16.1.1 The Assistant Principal Finance, IT and Estates is responsible for ensuring that appropriate procedures are in operation to enable the college to receive all income to which it is entitled. All college budget holders and relevant staff shall ensure that the Assistant Principal Finance, IT and Estates 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.

16.1.2 The Assistant Principal Finance, IT and Estates is responsible for the prompt collection, security and banking of all income received.

16.1.3 The Assistant Principal Finance, IT and Estates is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the college's accounts.

16.1.4 The Assistant Principal Finance, IT and Estates is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

### **16.2 Receipt of Cash and Cheques**

16.2.1 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 and cheques.

16.2.2 All sums received must be paid in and accounted for in full promptly 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 college.

### **16.3 Receipts by Credit or Debit Card**

16.3.1 The college can receive payments by debit or credit card using the merchant terminals provided.

16.3.2 Merchant terminals are also available for use in the refectory, restaurant, salon, and student services, as well as during enrolment, and the same rules will apply.

16.3.3 Payments can be taken over the phone in the finance office, with the details being entered into the merchant terminal.

16.3.4 These terminals support primary account number (PAN) truncation where the card number is partially obscured on the customer receipt. A copy of the receipt should be retained to support evidence of payment.

16.3.5 In operating this facility, the college is bound to the Payment Card Industry Data Security Standard (PCI DSS), which is designed to ensure cardholder information is stored, processed, and transmitted securely.

## **16.4 Internet Receipts**

16.4.1 Any member of staff wishing to arrange for payment to be made to the college by bank transfer should inform the Assistant Principal Finance, IT and Estates or person of delegated authority.

## **16.5 Credit Control**

16.5.1 The Assistant Principal Finance, IT and Estates should ensure that swift and effective action is taken in collecting overdue debts, that outstanding debts are monitored, and reports prepared for management.

16.5.2 Only the Assistant Principal Finance, IT and Estates or Finance Manager can implement credit arrangements and indicate the periods in which different types of invoice must be paid. Any subsequent changes must be submitted to the Finance and Corporate Services Committee for approval.

16.5.3 Requests to write off individual debts must be referred in writing to the Finance Manager and/or Assistant Principal Finance, IT and Estates for submission to the Finance and Corporate Services Committee for consideration as appropriate:

- Individual debts up to £1,000 may be written off with the permission of the Finance Manager.
- Individual debts up to £2,500 may be written off with the permission of the Assistant Principal Finance, IT and Estates and/or Principal and Chief Executive Officer.
- Approval for individual debt write-off in excess of £2,500 can only be given by the Finance and Corporate Services Committee or the Corporation.
- Credit notes up to £5,000 must be approved by the originator of the sales invoice and Finance Manager.
- Credit notes in excess of £5,000 must be approved by the originator of the sales invoice and the Assistant Principal Finance, IT and Estates.

16.5.4 Department for Education consent to a write-off will be required if:

- The write-off exceeds 1% of annual income or £45k individually (whichever is smaller), or
- The write-off takes the college's cumulative total write-offs for the academic year beyond 5% of its annual income or £250k (whichever is the smaller).

For these purposes, income will be the budgeted total income for the current year as approved by the Corporation Board.

16.5.5 Colleges must always consult the Department for Education if they identify losses and write-offs which may:

- Involve important questions of principle.
- Raise doubts about the effectiveness of existing systems.
- Contain lessons which might be of wider interest.
- Are novel, contentious, or repercussive.
- Might create a precedent for other colleges in similar circumstances.
- Arise because of obscure or ambiguous instructions issued centrally.

## **16.6 Student Fees**

16.6.1 The Finance and Corporate Services 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 bodies.

16.6.2 The procedures for collecting tuition fees must be approved by the Assistant Principal Finance, IT and Estates. He or she is responsible for ensuring that all student fees due to the college are received.

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

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

## **16.7 Student Loans**

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

## **16.8 Emergency/Hardship Loans**

16.8.1 Any scheme for emergency/hardship loans must be approved by the Finance and Corporate Services Committee. 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 an approved scheme.

## **17. Non-Recurrent Grants and Contracts**

### **17.1 General**

17.1.1 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 budget holder to ensure that the financial implications have been appraised by the Assistant Principal Finance, IT and Estates.

17.1.2 The Assistant Principal Finance, IT and Estates is responsible for examining every formal application for grants and shall ensure that there is adequate provision of resources to meet all commitments.

17.1.3 Grants and contracts shall be accepted on behalf of the college by the Assistant Principal Finance, IT and Estates. The Assistant Principal Finance, IT and Estates shall maintain all financial records relating to non-recurrent grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.

17.1.4 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. Financial outcomes of non-recurrent grants and contracts will be presented in the Finance Report to the Finance and Corporate Services Committee.

## **17.2 Recovery of Overheads**

17.2.1 Overheads will be charged to grant activity whether or not the funding arrangements permit full recovery.

## **17.3 Costing/Transparency**

17.3.1 Staff undertaking grant activity will maintain the records specified by the Assistant Principal Finance, IT and Estates to enable compilation of returns to the funding body which meet the requirements of the Transparency Review.

## **17.4 Grant and Contract Conditions**

17.4.1 Many grant-awarding bodies and contracting colleges 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 college 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.

# **18. Other Income-Generating Activity**

## **18.1 Profitability and Recovery of Overheads**

18.1.1 All other income generating activities, including full cost courses and commercial enterprises, 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 budget holder and the Assistant Principal Finance, IT and Estates. Any activity outside budget likely to require subsidy greater than £100,000 must be the subject of review by the Finance & Corporate Services Committee prior to any commitment being made.

## **18.2 Additional Payments to Staff**

18.2.1 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 budget holder, Assistant Principal Finance, IT and Estates and the Assistant Principal People and Culture and, in the case of a budget holder, their line manager. Any

additional payments outside budget must be approved by the Assistant Principal Finance, IT and Estates.

### **18.3 Bids and Tenders**

18.3.1 Any bids and tenders that exceed £5,000 must be approved by the Senior Management Team prior to any bid submission.

## **19. Intellectual Property Rights and Patents**

### **19.1 General**

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

### **19.2 Patents**

19.2.1 The Finance and Corporate Services Committee is responsible for establishing procedures to deal with any patents accruing to the college from inventions and discoveries made by staff in the course of their research.

## **20. Expenditure**

### **20.1 General**

20.1.1 The Assistant Principal Finance, IT and Estates is responsible for making payments to suppliers of goods and services to the college.

### **20.2 Scheme of Delegation/Financial Authorities**

20.2.1 The budget holder is responsible for purchases within his or her area of responsibility. Purchasing authority may be delegated to named individuals within the department. In exercising this delegated authority, individuals are required to observe the financial procedures. The Assistant Principal Finance, IT and Estates must be notified immediately of any changes to the authorities to commit expenditure.

### **20.3 Procurement**

20.3.1 The college requires all budget holders to obtain supplies, equipment and services offering best value for money consistent with quality, delivery requirements and sustainability, and in accordance with financial procedures and sound business practice. The authorisation matrix in respect of requisitions, orders, tenders, and quotations (Appendix H) should be adhered to. The ordering of goods and services shall be in accordance with the college's Procurement Policy.

### **20.4 Procurement Cards**

20.4.1 The operation and control of the college's procurement cards is the responsibility of the Assistant Principal Finance, IT and Estates. Holders of procurement cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Cards must not 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. Cardholders should adhere to the issuer's Terms and Conditions of Use. The Assistant Principal Finance, IT and Estates 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 Procurement card user guide.

## **20.5 Tenders and Quotations**

20.5.1 Budget holders must comply with the college's ordering procedures contained in the Procurement Policy, which are applicable as follows:

- Under £5,000 – the budget holder shall be required to obtain one written quotation.
- From £5,000 to £24,999 – the budget holder shall be required to obtain at least three written quotations.
- From £25,000 to £189,330 – a formal tender (non-OJEU) is required.
- Over £189,330 – a formal tender (OJEU) is required.

20.5.2 Where three quotations or tenders cannot be obtained for that good or service e.g., due to a single supplier or an emergency requisition, a justification form must be completed and approved by the Assistant Principal Finance, IT and Estates. Approval for single tender justification should be sought prior to an order being placed unless an exceptional emergency arises. Supplier Frameworks may be used in lieu of the above quotation and tender stipulations with agreement from the Assistant Principal Finance, IT and Estates. Competition must be sought within the Framework unless the Framework has been awarded to a sole supplier. Only partnership arrangements for the supply of education and training specifically approved by the Corporation will fall outside these arrangements for tenders and quotations. Approval of award of a tender shall be as follows:

- Up to £25,000 – Finance Manager.
- Up to £50,000 – Assistant Principal Finance, IT and Estates.
- £50,000 to £100,000 – Principal and Chief Executive Officer.
- Above £100,000 – Finance and Corporate Service Committee.

20.5.3 Overspends against tender values may be authorised in accordance with the authorisation levels for acceptance of a tender. The authorisation level applies to total value of the original tender, and all overspends. Separate regulations apply to overspends on building and engineering contracts – refer to Appendix F. Detailed tendering procedures can be found in the college's Procurement Policy.

## **20.6 Post-Tender Negotiations**

20.6.1 Post-tender negotiations (i.e., 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 college's tendering process.

20.6.2 In each case, a statement of justification should be approved by the Assistant Principal Finance, IT and Estates prior to the event, showing:

- Background to the procurement.
- Reasons for proposing post-tender negotiations.
- Demonstration of the improved value for money.
- It does not break EU procurement legislation or any other statute.

## **20.7 Building, Engineering, and Construction Contracts**

20.7.1 Building, engineering, and construction contracts are the responsibility of the Finance and Corporate Services Committee and are administered by the college's Assistant Principal Finance, IT and Estates. Proposals will normally be initiated by the Director of Facilities and Estates in respect of planned replacements, general improvement schemes, space planning, or in response to requests from departments and subject to approval by the Senior Management Team. 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 F.

## **20.8 EU Regulations**

20.8.1 The Assistant Principal Finance, IT and Estates is responsible for ensuring the college 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 as specified in the EU's Public Contracts Directive 2014. The Assistant Principal Finance, IT and Estates 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 budget holders to ensure that their members of staff comply with EU regulations by notifying the Finance Manager of any purchase that is likely to exceed the thresholds. This will need to be done well in advance to permit advertisements in journals such as the Official Journal of the European Community (OJEC). Copies of the relevant documentation falling into this category must be provided by budget holders to the Finance Manager.

## **20.9 Receipt of Goods**

20.9.1 All goods 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.

20.9.2 The same person must not raise a purchase order requisition, approve the requisition, and acknowledge receipt of goods or services. In most cases this will be ensured by the budget holder who approves the requisition not having authority to raise a requisition.

## **20.10 Payment of Invoices**

20.10.1 The procedures for making all payments shall be in a form specified by the Assistant Principal Finance, IT and Estates. The Assistant Principal Finance, IT and Estates 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 monthly. In exceptional circumstances a same day payment can be made, or central procurement cards may be used for urgent payments. Cheque and BACS authorisation policies are contained in Appendix G. Budget holders are responsible for ensuring that expenditure does not exceed funds available. Payments will only be made by the Finance Team against invoices that have been certified for

payment by the appropriate budget holder or authorised assistant or matched to a purchase order. The only exceptions to this requirement are:

- Ongoing recurrent charges from agreements such as leasing or rental agreements.
- Utilities or business rates.
- Payments to staff (e.g., reimbursements and mileage claims).
- Exam and registration fees.
- Other exceptions approved by the Assistant Principal Finance, IT and Estates.

## **20.11 Staff Advances**

20.11.1 The college's purchasing and payments procedures are in place to enable most non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may have no alternative but to incur expenditure personally on behalf of the college and they are entitled to reimbursement. However, all expenditure incurred personally on behalf of the college must receive prior approval from the budget holder. Staff are asked wherever possible to seek reimbursement for expenditure after it has been incurred. However, it is acknowledged that some staff may not have the resources available to incur expenditure on behalf of the college and may seek advance funds to cover expenditure. Staff advances up to a maximum of £500 per staff member may be approved by the Finance Manager.

20.11.2 Advances in excess of £500 must be approved by the Assistant Principal Finance, IT and Estates. Within one month of the advance being made available a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. The budget holder must approve all expenditure. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding. Unaccounted advances may be recovered by deduction from salary at the discretion of the Assistant Principal Finance, IT and Estates.

## **20.12 Floats**

20.12.1 The Assistant Principal Finance, IT and Estates shall make available to departments as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash floats are kept to a minimum. See Appendix H for authorisation limits. Requisitions for refreshing floats must be sent to the finance department, together with appropriate receipts or vouchers, before the total amount held has been expended, 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 college's insurers when not in use and will be subject to periodic checks by the budget holder or another person nominated by him or her.

## **20.13 Petty Cash Reimbursements**

20.13.1 Where an individual incurs expenditure relating to college activity, reimbursement will be made on production of a valid receipt which must be reimbursed in cash. Expenditure over £50 will be made by BACS and approved by the Authorised Signatory.

## **20.14 Payments to Students**



20.14.1 Payments may be made to students for bursaries, grants, and other authorised expenditure. All payments must be supported by detailed claims or other appropriate evidence and approved by Student and Apprentice Services or the Authorised Signatory as appropriate. Policies for bursaries and other student payments must be approved by Senior Management Team.

## **20.15 Payments to Partners and Franchise Providers**

20.15.1 Individual payments to partners and franchise providers or similar contracts shall be authorised by the Assistant Principal Finance, IT and Estates or his/her nominated representative. 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 Corporate Services Committee.

## **20.16 Late Payment Rules**

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

## **20.17 Giving Hospitality**

20.17.1 Staff entertaining guests from outside bodies at lunch time should normally use the college'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 college's Travel and Expenses Policy.

# **21. Pay Expenditure**

## **21.1 Remuneration Policy**

21.1.1 All college 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 Assistant Principal People and Culture. 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.

## **21.2 Appointment of Staff**

21.2.1 All contracts of service shall be concluded in accordance with the college's approved personnel practices and procedures, and all offers of employment with the college shall be made in writing by the Assistant Principal People and Culture. The Principal and Chief Executive Officer may in his or her own right approve the appointment of staff with a basic salary no greater than £70,000 per annum excluding on costs, unless required for the delivery of an externally funded contract where income will cover all budgeted expenditure.

21.2.2 Department for Education approval must be sought when an appointment will attract:

- Total remuneration at or above £150,000, or the pro-rata equivalent for part-time staff, or
- Performance related pay ('bonus') arrangements that exceed £17,500.

21.2.3 Department for Education approval must also be sought in relation to any adjustment of total remuneration or terms and conditions that takes an individual above the defined thresholds.

21.2.4 For planning purposes a minimum of two months should be given for clearance decisions.

### **21.3 Salaries and Wages**

21.3.1 The Assistant Principal Finance, IT and Estates 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 Assistant Principal Finance, IT and Estates.

21.3.2 The Finance Manager will be responsible for keeping the Assistant Principal Finance, IT and Estates informed of all matters relating to personnel for payroll purposes. The Assistant Principal Finance, IT and Estates 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 college's detailed payroll financial procedures and comply with HMRC regulations.

### **21.4 Travel, Subsistence, and Other Allowances**

21.4.1 All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Assistant Principal Finance, IT and Estates. Claims by members of staff must be authorised by their line manager. Arrangements for travel by the Principal and Chief Executive Officer 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 Corporate Services Committee.

### **21.5 Overseas Travel**

All arrangements for overseas travel must be approved by the Principal and Chief Executive Officer in advance of committing the college to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Principal and Chief Executive Officer 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 Corporate Services Committee. All overseas travel must be approved by the Principal and Chief Executive Officer to a maximum of £5,000 per student or member of staff; amounts in excess of this should be referred to Finance and Corporate Services Committee for approval.

### **21.6 Allowances for Members of the Corporation**

21.6.1 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. Claims made by the Chair of the Corporation for reimbursement will be countersigned by the Principal and Chief Executive Officer.

## **21.7 Severance and Other Non-Recurring Payments**

21.7.1 Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the Corporation through the Finance and Corporate Services Committee and, where appropriate, the Remuneration Committee. Professional advice should be obtained where necessary. All such payments shall be authorised by the Principal and Chief Executive Officer. Any individual amounts that do not fall within the parameters above or are in excess of £30,000 require approval by the Finance and Corporate Services Committee. In exceptional circumstances, the Chair of Remuneration and the Chair of the Finance and Corporate Services Committee may give this approval in consultation with the Principal and Chief Executive Officer, to be reported to the next meeting of the relevant committee.

21.7.2 When determining whether to pay a special severance payment, the college must consider and document the following:

- Consideration of whether a special severance payment is appropriate in this case.
- Evidence of legal/HR advice taken.
- Clearly document the management and approval process.
- Consideration of the appropriate level of payment.
- Evidence to support any non-financial considerations.
- The use of confidentiality clauses does not prevent an individual's right to make disclosures in the public interest (whistleblowing) under the Public Interest Disclosure Act 1998.

21.7.3 Department for Education approval is required for special staff severance payments where any of the following scenarios arise individually or collectively:

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

21.7.4 Where the college is considering a non-statutory/non-contractual payment of £50,000 or more, Department for Education's prior approval must be obtained.

21.7.5 Department for Education approval must always be sought for all ex-gratia payments, extra-contractual payments, and extra-statutory and extra-regulatory payments (as defined by DfE).

21.7.6 Where the college plans to make special severance payments, non-statutory/non-contractual compensation payments but it falls below the above approval limits, Department for Education expects colleges to have a business case in line with point 21.7.2 above.

## **22. Assets**

## **22.1 Land and Buildings**

22.1.1 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 as applicable. The Head of Governance or the college's solicitors shall have custody of all title deeds under secure arrangements agreed with the Principal and Chief Executive Officer and approved by the Finance and Corporate Services Committee.

## **22.2 Fixed Asset Register**

22.2.1 The Assistant Principal Finance, IT and Estates is responsible for maintaining the college's register of land, buildings, fixed plant, and machinery.

## **22.3 Inventories**

22.3.1 Budget holders are responsible for maintaining inventories, in a form prescribed by the Assistant Principal Finance, IT and Estates for all plant, equipment, furniture and stores in their departments. The inventory must include items donated or held on trust. Inventories must be checked at least annually.

## **22.4 Stocks**

22.4.1 Budget holders are responsible for establishing adequate arrangements for the custody and control of stocks within their departments.

## **22.5 Safeguarding Assets**

22.5.1 Budget Holders are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the Assistant Principal Finance, IT and Estates 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 college shall, so far as is practical, be effectively marked to identify them as college property.

## **22.6 Personal Use**

22.6.1 Assets owned or leased by the college shall not be subject to personal use without the authorisation of the Assistant Principal Finance, IT and Estates.

## **22.7 Asset Disposal**

22.7.1 Disposal of equipment and furniture must be in accordance with procedures agreed by the Finance and Corporate Services Committee. Disposal of land and buildings must only take place with the authorisation of the Corporation. Funding body consent may also be required.

22.7.2 In the case of moveable fixed assets (i.e., non-land and buildings such as vehicles, IT kit etc.) the college must consider:

- Whether the asset or assets concerned may have been acquired with the assistance of a grant or donation from a third party, including (but not limited to) the Department for Education, and whether the conditions of any such grant or donation set terms relating to the disposal or the use of proceeds of disposal.
- Whether there are plans in place to ensure that:

- Investment in moveable fixed assets is sufficient to ensure the ongoing ability of the college to deliver appropriate provision for learners is not depleted, and
- Moveable fixed assets can be replaced and/or upgraded when they reach the end of their economic life, if required.

Subject to the above, the college may apply the proceeds of disposal (if any) at its own discretion unless the sale is novel, contentious, or repercussive, or that it does not maintain principles of regularity, propriety, and value for money.

22.7.3 In the case of land and buildings (whether freehold or leasehold), the proceeds of disposal must be used for capital reinvestment in further fixed assets and/or to:

- Repay loans, to Department for Education and to banks.
- Repay any overpayments of ESFA/DfE grants or satisfy grant conditions where a repayment to ESFA/DfE is due (for example overage).
- Exceptionally, provide working capital to avoid the risk of insolvency.

22.7.4 If the college wishes to use the proceeds from the disposal of land and buildings for the purposes of avoiding insolvency (for example, to fund a restructuring programme) then it must first seek the approval of the Finance and Corporate Services Committee and then also obtain approval from the Department for Education.

## **22.8 All Other Assets**

22.8.1 All managers are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the college, whether tangible or intangible. Managers and the Head of ICT are jointly responsible for establishing the security and control of electronic data.

## **23. Funds Held on Trust**

### **23.1 Gifts, Benefactions, and Donations**

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

### **23.2 Student Welfare and Access Funds**

23.2.1 The Assistant Principal Finance, IT and Estates will prescribe the format for recording the use of student welfare funds. Records of access funds will be maintained according to funding body requirements.

### **23.3 Trust Funds**

23.3.1 The Assistant Principal Finance, IT and Estates is responsible for maintaining a record of the requirements for each trust fund and for advising the Finance and Corporate Services Committee on the control and investment of fund balances.

### **23.4 Voluntary Funds**

23.4.1 The Assistant Principal Finance, IT and Estates shall be informed of any fund that is not an official fund of the college, and which is controlled wholly or in part by a member of staff in relation to their function in the college. 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.

## **24. Other**

### **24.1 Insurance**

24.1.1 The Head of Governance is responsible for the college'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 Corporate Services Committee on a biennial basis.

### **24.2 Security**

24.2.1 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 Assistant Principal Finance, IT and Estates immediately.

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

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

### **24.3 Use of the College's Seal**

24.3.1 Where a deed or document requires the college's seal, it must be sealed by the Head of Governance or, in his or her absence, the Assistant Principal Finance, IT and Estates in the presence of a member of the Corporation. The Head of Governance is responsible for submitting a report to each meeting of the Corporation detailing the use of the college's seal since the last meeting.

### **24.4 Provision of Indemnities, Letters of Comfort and Guarantees**

24.4.1 Any member of staff asked to give an indemnity, letter of comfort or guarantee, for whatever purpose, should consult the Assistant Principal Finance, IT and Estates before any such indemnity is given.

24.4.2 When entering into an indemnity, or providing a letter of comfort or guarantee, permission to enter into the contract must be obtained from the Corporation Board.

24.4.3 Department for Education consent is required for indemnities not arising in the normal course of business, for letters of comfort and for guarantees where:

- The case exceeds 1% of annual income or £45k individually (whichever is smaller), or
- The case takes the college's cumulative total of such contingent liabilities for the academic year beyond 5% of annual income or £250k (whichever is the smaller).

24.4.4 For these purposes, income will be the budgeted total income for the current year, as approved by the college's Corporation Board.

## **24.5 Novel, Contentious, or Repercussive Transactions**

24.5.1 Novel transactions are those of which the college has no experience or are outside its range of normal business. Contentious transactions are those that might cause criticism of the college by Parliament, the public, or the media. Repercussive transactions are those that may have wider financial implications for the sector, or which appear to set a precedent.

24.5.2 There is no financial threshold in relation to novel, contentious, or repercussive financial arrangements; all such transactions require Department for Education approval, regardless of value.

## 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%
- Freehold land – not depreciated
- Freehold buildings (major adaptations) – 2-20%
- Computer equipment – 20%
- Software – 20%
- Furniture, fixtures, and fittings – 20%
- Motor vehicles – 25%
- Modular buildings – 10%

Where the estimated useful economic lives are different from the above write-off periods, an appropriate write-off period will be applied.



## Appendix B: 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.
- 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 or her 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 and Chief Executive Officer shall forthwith notify the Chief Internal Auditor who shall take such steps as he or she 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 or she shall report to the Principal and Chief Executive Officer or his or her nominee.

## Appendix C: Fraud Policy

### 1. Introduction

1.1 Chesterfield College aims to be an honest and open college 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.

1.2 This policy is intended to:

- Encourage the prevention of fraud and corruption.
- Promote its detection.
- 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. This policy should be read in conjunction with the college's Anti-Money Laundering (Appendix D) and Bribery (Appendix E) Policies.

### 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.
- Report any fraudulent activities to the relevant authorities in a timely manner.
- Conform with money laundering and bribery legislation (see separate policies).

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 all staff are complying with controls.

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, payment systems and receipts, when dealing with contractors or suppliers, or any other aspect of college business.
- Immediately report to the Assistant Principal Finance, IT and Estates any reasonable suspicions that a fraud, corrupt act, or irregularity of any kind has been committed. If the Assistant Principal Finance, IT and Estates is suspected, the matter should be reported to another member of the Senior Management Team or the Chair of the Corporation.

3.4 The Assistant Principal Finance, IT and Estates is responsible for:

- Notifying the Principal and Chief Executive Officer, the Chair of the Audit Committee and the Chair of the Corporation of any suspected fraud, corrupt act, or irregularity (if they are not implicated, or notification would be in breach of money laundering or other legislation).
- Ensuring that all employees are made aware of this policy.

3.5 The Assistant Principal Finance, IT and Estates is responsible to the Principal and Chief Executive Officer 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 funding body's Chief Executive and copy to the Executive Director of the local funding body serious weaknesses, significant fraud, major accounting and other breakdowns, subject to the requirements of the Proceeds of Crime Act 2003. Please also refer to Anti-Money Laundering Policy in Appendix D.

#### **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".

5.2 'Corruption' is interpreted as "offering, giving or receiving of rewards and inducements designed to influence action".

5.3 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.
- Bribery.

#### **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 Assistant Principal Finance, IT and Estates.
- 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 and Chief Executive Officer, Assistant Principal Finance, IT and Estates, and the Chairs of the Audit Committee and the Corporation without delay. If any member of staff suspects fraud has taken place, they should also refer to the Money Laundering and Bribery Policies.
- 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 subject to the constraints of money laundering or other relevant legislation. A decision to involve the Police will be taken by the Principal and Chief Executive Officer 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 college's 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 Chief Executive Officer, 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 and Chief Executive Officer. 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: Anti-Money Laundering Policy

## 1. Introduction

1.1 In response to the Proceeds of Crime Act 2002 and Money Laundering Regulations 2003 this policy aims to ensure that the college and its employees comply with the legislation and that the highest standards of due diligence are applied in relation to 'know your customer' principles. Legislation has broadened the definition of money laundering and the range of activities where this can apply, so it is not just a concern for banks and the financial sector but now applies to all companies and institutions, including colleges. This policy therefore sets out the procedure to be followed if money laundering is suspected and defines the responsibility of individual employees in the process.

## 2. What Is Money Laundering?

2.1 The legislation defines money laundering as:

- Concealing, disguising, converting, or transferring criminal property, or removing it from the UK.
- Entering into, or becoming concerned in, an arrangement which you know, or suspect, facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.
- Acquiring, using, or possessing criminal property.

2.2 The college has a responsibility to:

- Appoint a Money Laundering Reporting Officer (MLRO) to receive, consider, and report as appropriate a disclosure of suspicious activity reported by employees.
- Implement a procedure to enable the reporting of suspicious activity.
- Maintain customer identification procedures to "know your customer" in relevant circumstances.
- Maintain adequate records of transactions.

## 3. Employee Obligations

3.1 Money laundering legislation applies to all employees. Potentially any member of staff could commit an offence under money laundering laws if they suspect money laundering or if they become involved in some way and do nothing about it. If any individual suspects that money laundering activity is or has taken place, or if any person becomes concerned about their involvement it must be disclosed as soon as possible to the MLRO. Failure to do so may result in you being personally liable to prosecution. Guidance on how to raise any concerns is included in this policy document.

## 4. Relevant Circumstances

4.1 Money laundering regulations apply to cash transactions in excess of 15,000 euros (approximately £10,000). However, the Proceeds of Crime Act applies to all transactions and can include dealings with agents, third parties, property or equipment, cheques, cash, or bank transfers.

4.2 By way of example at the college, this may include circumstances where a student pays fees exceeding £10,000 by cash, or where a student pays a fee for another student who is not present at the time, or a sponsor/third party not known to the college pays fees for students. In practice, third party details are checked for all cash and card transactions over £5,000.

4.3 Particular rules apply to foreign students and the immigration service needs to be notified if a student or employer with a visa discontinues. HM Revenue and Customs need to be notified with details of all foreign students studying at the college. These cases should be dealt with by the Enrolment Team in the normal course of business. Fees paid in advance by foreign students who have subsequently been refused a visa are only refundable providing appropriate documentary evidence is available to demonstrate the circumstances. Where appropriate, refunds should only be made to the person making the original payment.

4.4 Precautions should also be taken in respect of refunds requested following a payment by credit card or bank transfer. In these cases, refunds should only be made by the same method to the same account. In the event of an attempted payment by credit or debit card being rejected the reason should be checked with Streamline prior to accepting an alternative card. If in any doubt about the identity of the person attempting to make a payment the transaction should not be accepted.

## **5. Know Your Customer**

5.1 It is important that controls are in place to identify the student, customer or other party dealing with the college. Satisfactory evidence of identity must be obtained. Examples include passport, visa, birth certificate, or correspondence with students at their home address, and, for third parties, letters or documents proving name, address, and relationship. If an organisation is not known to the college, look for letter-headed documents, check websites, request credit checks or aim to meet or contact key sponsors as you feel appropriate to verify validity of contact. Cheques drawn on an unexpected or unusual source should always be verified with regard to validity of the source.

## **6. The Money Laundering and Proceeds of Crime Reporting Officer (MLRO)**

6.1 The Assistant Principal Finance, IT and Estates is the officer nominated to receive disclosures in respect of suspected transactions or activity within the college.

## **7. Disclosure Procedure to be followed by Individuals**

7.1 Where you know or suspect that money laundering activity is taking or has taken place, or you become concerned that your involvement in a transaction may amount to a breach of the regulations, you must disclose this immediately to your line manager. If, in consultation with the Assistant Principal Finance, IT and Estates, reasonable suspicion is confirmed, a disclosure report must be made to the MLRO. This disclosure should be made on the proforma report attached to this policy and should be completed the same day the information came to your attention. Should you not do so you may be personally liable to prosecution under the regulations.

7.2 Your report should include as much detail as possible including:

- Full available details of the people and/or companies involved, including yourself and other members of staff if relevant.

- Full details of the transaction and the nature of each person's involvement in the transaction.
- Suspected type of money laundering activity or use of proceeds of crime, with exact reasons as to why you are suspicious.
- The dates of any transactions, where they were undertaken, how they were undertaken, and the likely amount of money or assets involved.
- Any other information that may help the MLRO judge the case for knowledge or suspicion of money laundering and to facilitate his/her report to the Serious Organised Crime Agency (SOCA).

7.3 Once you have reported your suspicions to the MLRO you must follow any instructions provided. You must not make any further enquiries unless instructed to do so by the MLRO. At no time and under no circumstances should you voice any suspicions to the person(s) you suspect of money laundering. If appropriate the MLRO will refer the case to SOCA who will undertake any necessary investigation. This may include consent to continue with a particular transaction and care should be taken not to 'tip off' the individuals concerned, otherwise you may be committing a criminal offence.

## **8. Action and Disclosure by the MLRO**

8.1 On receipt of a disclosure report the MLRO will:

- Note the date of receipt and acknowledge receipt of it.
- Assess and advise the individuals concerned when a response can be expected.
- Consider the report and any other relevant information, undertaking further enquiries necessary to decide if a report should be made to SOCA.

8.2 Once the MLRO has evaluated the case a timely determination will be made as to if:

- There is actual or suspected money laundering taking place.
- There are reasonable grounds to know or suspect that is the case.
- Consent is required from SOCA for a particular transaction to proceed.

8.3 Where the MLRO concludes that the case should be disclosed to SOCA this needs to be done:

- In a timely manner.
- In the prescribed manner on a standard report format provided by SOCA.

8.4 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then consent will be given for transactions to proceed, and the disclosure report will be marked accordingly.

## **9. Record Keeping Procedure**

9.1 All disclosure reports and relevant documents will be retained in a confidential file by the Assistant Principal Finance, IT and Estates for a minimum of six years. Departments conducting relevant transactions must maintain records for at least six years of:

- Student/customer identification evidence.
- Details of financial transactions carried out.



9.2 In practice, departments will routinely create and retain records in the course of normal business, and these will be sufficient for this purpose.

## **10. Conclusion**

10.1 Instances of suspected money laundering are likely to be rare given the nature of services provided by the college. However, we must be aware of the legislative requirements, as failure to comply would have serious implications for both the college and individuals concerned. Please take prompt action referring to the guidance in this policy and, if you have any suspicions, please consult the MLRO about your concerns.

## **11. Guidance Notes**

### **11.1 Possible Signs of Money Laundering**

11.1.1 It is not possible to give a definitive list of ways to spot money laundering or how to decide whether to make a report to the MLRO. The following are types of risk factors that may, either alone or collectively, suggest the possibility of money laundering activity:

- A new customer, business partner, or sponsor not known to the college.
- A secretive person or business, e.g., that refuses to provide requested information without a reasonable explanation.
- Payment of any substantial sum in cash (over £10,000).
- Concerns about the honesty, integrity, identity, or location of the people involved.
- Involvement of an unconnected third party without a logical reason or explanation.
- Overpayments for no apparent reason.
- Absence of any legitimate source of the funds received.
- Significant changes in the size, nature, or frequency of transactions with a customer that is without reasonable explanation.
- Cancellation, reversal, or requests for refunds of earlier transactions.
- Requests for account details outside the normal course of business.
- A history of poor business records, controls, or inconsistent dealing.
- Any other facts which tend to suggest that something unusual is happening and give reasonable suspicion about the motives of individuals.

## Appendix E: Bribery Policy

### 1. Policy Statement

1.1 This document sets out Chesterfield College's policy and advice to employees in dealing with bribery or suspected bribery. This policy details the arrangements made in the college's staff handbook for such concerns to be raised by employees.

1.2 The Bribery Act 2010 introduced a new, clearer regime for tackling bribery that applies to all businesses based or operating in the UK. It covers all sorts of bribery, the offering and receiving of a bribe, directly or indirectly, whether or not it involves a public official, in the UK or abroad. There are offences by individuals, and a corporate offence for corporates and partnerships, and penalties for non-compliance are serious.

1.3 Bribery is a criminal offence for both individuals and commercial organisations and can be punished with imprisonment of up to 10 years or unlimited fines. Ministry of Justice guidance on Adequate Procedures (S7 para 35) states that: "As regards bodies incorporated, or partnerships formed, in the UK, despite the fact that there are many ways in which a body corporate or a partnership can pursue business objectives, the Government expects that whether such a body or partnership can be said to be carrying on a business will be answered by applying a common-sense approach. So long as the organisation in question is incorporated (by whatever means), or is a partnership, it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made". If any employee was accused of bribery, Chesterfield College's reputation might be damaged considerably, and subsequent enforcement action would be time-consuming and hinder the college from focussing on its core business and service delivery.

1.4 It is therefore the policy of the college to prohibit any form of bribery or corrupt practices, whether covered directly by the Bribery Act 2010 or not. The policy applies to Chesterfield College, all its employees and anyone acting for, or on behalf of, the college ("associated persons"), including Corporation Members, other volunteers, temporary workers, consultants, and contractors, independent of their grade and position, and shall be respected at all times.

### 2. Definitions

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

- Bribery – "inducement for an action which is illegal, unethical, or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards, or other advantages".
- Corruption – this can be broadly defined as the offering or acceptance of inducements, gifts, favours, payment, or benefit-in-kind which may influence the action of any person. Corruption does not always result in a loss. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another.

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

### 3. Scope

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

- Improve the knowledge and understanding of everyone in the college, irrespective of their position, about the risk of bribery within the organisation and its unacceptability.
- Assist in promoting a climate of openness and a culture and environment where staff feel able to raise concerns sensibly and responsibly.
- Set out the college's responsibilities in terms of the deterrence, prevention, detection and investigation of bribery and corruption.
- Ensure the appropriate sanctions are considered following an investigation, which may include the following:
  - Criminal prosecution.
  - Civil prosecution.
  - Internal/external disciplinary action (including professional/regulatory bodies).

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

3.3 In implementing this policy, managers must ensure that all staff are treated fairly and within the provisions and spirit of the college's Human Resources policies. Chesterfield College has procedures in place that reduce the likelihood of bribery occurring. These include Financial Regulations and documented policies and procedures, including on whistleblowing, a system of internal control (including Internal and External Audit) and a system of risk assessment.

## **4. Policy**

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

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

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

4.4 Chesterfield College procures goods and services ethically and transparently with the quality, price and value for money determining the successful supplier/contractor, not by receiving (or offering) improper inducements. The college will not engage in any form of bribery, either in the UK or abroad.

4.5 Chesterfield College prohibits employees and associated persons from offering, giving, soliciting, or accepting any bribe in any way, or to give, or be perceived to have given, a financial or other advantage to any person (whether a UK or foreign public official, political

candidate, party official, private individual, private or public sector employee or any other person) to induce that person to perform his/her functions or activities improperly. The bribe might include cash, a gift or other inducement, to or from any person or organisation, wherever they are situated, and irrespective of whether they are a public official/body or private person or company, by an individual Corporation member, employee, agent or other person or body acting on the college's behalf. The bribe might be to:

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

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

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

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

## **5. Facilitation Payments**

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

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

## **6. Gifts and Hospitality**

6.1 This policy is not intended to prohibit appropriate corporate entertainment and/or hospitality undertaken in connection with the college's business activities, provided the activity is customary under the circumstances, is proportionate, and is properly recorded/disclosed to the college in accordance with its Financial Regulations and procedures.

6.2 Courtesy gifts and hospitality must not be given or received in return for services provided or to obtain or retain business but shall be handled openly and unconditionally as a gesture of

esteem and goodwill only. Gifts and hospitality shall always be of symbolic value, appropriate and proportionate in the circumstances, and consistent with local customs and practices. They shall not be made in cash. Please refer to the college's Gifts and Hospitality Policy and Register for more guidance.

## **7. Political and Charitable Contributions**

7.1 Chesterfield College does not make any contributions to charities, politicians, political parties, or election campaigns.

## **8. Sponsoring**

8.1 Sponsoring means any contribution in money or in kind by the college towards an event organised by a third party in return for the opportunity raise the college's profile. All sponsoring contributions must be transparent, pursuant to a written agreement, for legitimate business purposes, and proportionate to the consideration offered by the event host. They may not be made towards events organised by individuals or organisations that have goals incompatible with the college's ethical standards or that would damage Chesterfield College's reputation. All sponsorships will be publicly disclosed.

8.2 Where commercial sponsorship is used to fund the college's training events, training materials and general meetings, the sponsorship must be transparent, pursuant to a written agreement, for legitimate business purposes, and proportionate to the occasion. Where meetings are sponsored by external sources, that fact must be disclosed in the papers relating to the meeting and in any published minutes/proceedings.

8.3 Where sponsorship links to the development of guidelines and advice, this should be carried out in consultation with the college's nominated member of the Senior Management Team.

## **9. Raising Concerns**

9.1 Employees and associated persons are requested to remain vigilant in preventing, detecting, and reporting bribery. Employees and associated persons are expected to report any concerns regarding any suspected bribery in accordance with the college's procedures outlined in the Whistleblowing Policy. Chesterfield College's policy, which will be rigorously enforced, is that no individual will suffer any detrimental treatment as a result of reporting reasonably held suspicions. The Public Interest Disclosure Act 1998 gives statutory protection, within defined parameters, to staff who make disclosures about a range of subjects, including bribery and corruption, which they believe to be happening within the organisation employing them. Within this context, 'reasonably held' means suspicions other than those which are raised maliciously and are subsequently found to be groundless.

9.2 Any unfounded or malicious allegations will be subject to a full investigation and appropriate disciplinary action.

## **10. Roles and Responsibilities**

### **10.1 The Corporation**

10.1.1 The Corporation has a duty to ensure that it provides a secure environment in which to work, and one where people are confident to raise concerns without worrying that it will reflect badly on them. This extends to ensuring that staff feel protected when carrying out their official duties and are not placed in a vulnerable position. If staff have concerns about any procedures or processes that they are asked to be involved in, the college has a duty to ensure that those concerns are listened to and addressed.

10.1.2 The Corporation and/or the Chief Accounting Officer will be liable to be called to account for failing to prevent bribery. The college therefore has a duty to ensure employees receive adequate training and support to carry out their responsibilities. Therefore, the Assistant Principal Finance, IT and Estates will monitor and ensure compliance with this policy.

## **10.2 Employees**

10.2.1 For the purposes of this policy, 'Employees' include Chesterfield College's staff, its Corporation members, volunteers, temporary workers, consultants, and contractors.

10.2.2 Corporation members and staff at all levels will lead by example in acting with the utmost integrity and ensuring adherence to all relevant regulations, policies, and procedures.

10.2.3 Employees must act in accordance with the college's Standards of Business Conduct, Gifts and Hospitality and Declaration of Interest policies, which include guidance on the receipt of gifts or hospitality.

10.2.4 Employees who are involved in receiving offers of sponsorship, funding or gifts from outside agencies should also comply with their own professional codes of practice where applicable.

## **10.3 Managers**

10.3.1 Line managers at all levels have a responsibility to ensure that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively. The responsibility for the prevention and detection of bribery therefore primarily rests with managers but requires the co-operation of all employees.

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

- Inform staff of the college's Code of Business Conduct, Gifts and Hospitality, Declaration of Interest, Anti-Money Laundering, Fraud, and Bribery policies as part of their induction process, paying particular attention to the need for accurate completion of personal records and forms.
- Ensure that all employees for whom they are accountable are made aware of the requirements of the policies.
- Assess the types of risk involved in the operations for which they are responsible.
- Ensure that adequate control measures are put in place to minimise the risks. This must include clear roles and responsibilities, supervisory checks, staff rotation (particularly in key posts), separation of duties wherever possible so that control of a key function is not invested in one individual, and regular reviews, reconciliations, and test checks to ensure that control measures continue to operate effectively.
- Be aware of the college's Bribery Policy.
- Identify sensitive/at-risk posts.

- Ensure that controls are being complied with.
- Contribute to their line manager's assessment of the risks and controls within their area, which feeds into the college's overall statements of accountability and internal control.

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

## **11. Information Management and Technology**

11.1 The Head of ICT will contact the Assistant Principal Finance, IT and Estates immediately in all cases where there is suspicion that the college's IT infrastructure is being used for the purposes of bribery. This includes inappropriate use of the internet, intranet, e-mail, telephones, and PDAs.

## **12. Procurement**

12.1 Procurement practices will be conducted in a fair and transparent manner and not deal with contractors or suppliers known or reasonably suspected to be paying bribes. Before engaging contractors and suppliers, the college will undertake properly documented due diligence. The college will require contractors and suppliers to comply with its Anti-Bribery Policy as a minimum standard. Agreements with contractors and suppliers shall, at all times, provide for the necessary contractual mechanisms to enforce compliance with the anti-bribery arrangements. The college will monitor performance and, in case of non-compliance, require the correction of deficiencies, apply sanctions, or eventually terminate the agreement.

## **13. External Communications**

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

## **14. Training**

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

## Appendix F: Contracts for Building, Constructional and Engineering Work

- a) Where contracts provide for payment to be made by instalments, the Assistant Principal Finance, IT and Estates 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 Assistant Principal Finance, IT and Estates and signed by the Principal and Chief Executive Officer or Assistant Principal Finance, IT and Estates or other officer nominated by the Principal and Chief Executive Officer in writing.
- 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 estimated cumulative effect of such variations is to increase the cost of the contract, a report of such an increase shall be submitted to the Finance and Corporate Services 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 Corporate Services Committee.
- d) The certifying officer, architect, engineer, or consultant shall produce to the Assistant Principal Finance, IT and Estates 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 Assistant Principal Finance, IT and Estates shall, to the extent he/she considers necessary, examine any documents, records and accounts relating to a contract and shall be entitled to receive such information and explanations as he/she 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 Corporate Services Committee.
- g) Where a contract which provides for a penalty clause is not completed within the contract period or an extension thereof, the Head of Governance 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 Corporate Services Committee not later than six months after the date of the final payment unless reported previously and approval to the increase obtained.



## Appendix G: Authorised Financial Signatories for Cheque Signing, BACS and CHAPS Payment Policies

### 1. Authorised Financial Signatories

1.1 The following will be authorised Financial Signatories, authorised with the college's bankers to authorise any financial payments including cheques, BACS, and CHAPS:

- Principal and Chief Executive Officer.
- Assistant Principal Finance, IT and Estates.
- Finance Manager.
- Senior Management Accountant.

### 2. Cheque Signing Policy

2.1 All cheques shall be signed by one authorised financial signatory up to £250 and any two authorised financial signatories £250 or over.

### 3. BACS Payment Policies

3.1 A computer-generated BACs payment run is generated from the finance system by the Finance Assistant or Financial Services Supervisor and authorised for payment by one of:

- Principal and Chief Executive Officer.
- Assistant Principal Finance, IT and Estates.
- Finance Manager.
- Senior Management Accountant.

3.2 Once approved the payment run is imported into the bank software and final payment authorisation is given electronically by one of:

- Principal and Chief Executive Officer.
- Assistant Principal Finance, IT and Estates.
- Finance Manager.
- Senior Management Accountant.

3.3 The bank software approval must not be given by the same approver as the first approval.

### 4. CHAPS Payment Policy

4.1 Any payments required by CHAPS will be authorised for payment by one authorised financial signatory. CHAPS payments will only be used in exceptional circumstances which must be agreed by the Assistant Principal Finance, IT and Estates or Finance Manager.

## Appendix H: Authorisation Matrix

Reference	Expense	Authorisation Limits	Authoriser / Requirement
10.4	Hospitality	More than £50	Assistant Principal Finance, IT and Estates
11.5	Major development	More than £100,000	Finance and Corporate Services Committee
12.3	Changes to the approved budget	Up to £50,000	Principal and Chief Executive Officer and/or Assistant Principal Finance, IT and Estates
		Up to £100,000	Finance and Corporate Services Committee
16.5	Bad debt write-off	Individual debts up to £1,000	Finance Manager
		Individual debts up to £2,500	Principal and Chief Executive Officer and/or Assistant Principal Finance, IT and Estates
		Individual debt in excess of £2,500	Finance and Corporate Services Committee and/or Corporation Board
		Exceeds 1% of annual income or £45k individually (whichever is smaller) or,  Takes the college's cumulative total write- offs for the academic year beyond 5% of its annual income or £250k (whichever is the smaller).	Department for Education
20.3	Purchase requisitions and invoices	Up to £1,000	College Management Team
		Up to £5,000	Senior Leadership Team
		In excess of £5,000	Principal and Chief Executive Officer
20.4	Procurement cards	Issue of a procurement card	Assistant Principal Finance, IT and Estates
20.5	Tenders and quotations	Under £5,000	Budget holders to satisfy value for money is achieved, quotation to be attached to purchase order.

		£5,000 to £24,999	Three written quotations
		£25,000 to £189,330	Formal tender (non-OJEU)
		Over £189,330	Formal tender (OJEU)
20.10	Manual cheques, BACS & CHAPS payments, direct debit mandates and other bank transactions	All amounts	2 authorised signatories
20.11	Staff advance	All amounts	Principal and Chief Executive Officer
20.14	Petty cash reimbursement	Up to £50	Cash
		In excess of £50	BACS payment made by authorised signatory
21.2	Appointment of staff	Up to £70,000	Principal and Chief Executive Officer and/or Deputy Principal and/or Assistant Principal Finance, IT and Estates
		In excess of £70,000	Finance and Corporate Services Committee
		Total remuneration exceeds £150,000 (or pro-rata equivalent for part-time staff)	Department for Education
		Performance related pay ('bonus') exceeds £17,500	Department for Education