

Financial Regulations Policy

OWNED BY:		Finance Director			
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APPROVAL:		Corporation			
APPLIES TO:	Staff	✓	Student		Public
					✓

Terminology

For the purposes of these Financial Regulations, the following terms shall have these meanings assigned to them.

COLLEGE/INSTITUTION

The name 'College'/'Institution' refers to Cirencester College.

REGULATIONS

'Regulations' refers to the Financial Regulations and all appendices to the Financial Regulations.

THE PRINCIPAL

'The Principal' means the Principal of Cirencester College or any acting Principal appointed by the Corporation of Cirencester College, in a temporary and/or permanent capacity.

GOVERNING BODY/GOVERNORS/CORPORATION

'Governing Body'/'Governors'/'Corporation' means the Corporation of Cirencester College in accordance with the Articles of Government of Cirencester College.

BUDGET

'Budget' means

- 1) the formal schedule of income and expenditure of a revenue (recurrent) nature and
- 2) the capital programme (non recurrent expenditure).

GOVERNMENT FUNDING AGENCY

Government Funding Agency refers to any of the government funding agencies with whom the College has a contract to provide education services and from whom the College, therefore, receives funding.

AGENCY

'Agency' refers to a Government Funding Agency.

A General Provisions

1 Background

- 1.1** The Institution is a further education sixth form college corporation created under the provisions of the Further and Higher Education Act 1992. Its structure of governance is laid down in the Instrument and Articles of Government, which may only be amended by application to the Secretary of State for Education. The Institution is accountable through its Governing Body, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2** The Financial Memorandum between the EFA & SFA agencies and the Institution sets out the terms and conditions on which grant is made. The Governing Body is responsible for ensuring that conditions of grant are met. As part of this process, the Institution must adhere to the Agency's Audit Code of Practice, which requires it to have sound systems of financial and management control. The Financial Regulations of the Institution form part of this overall system of accountability.

2 Status of Financial Regulations

- 2.1** These Financial Regulations govern the conduct of the College, its members, officers, and agents in relation to all matters financial. They are subordinate to the Articles of Government.
- 2.2** The purpose of these Financial Regulations is to provide control over the totality of the Institution's resources and provide management with assurances that the resources are being properly applied for the achievement of the Institution's strategic plan and business objectives:
- financial viability
 - achieving value for money
 - fulfilling its responsibility for the provision of effective financial controls over the use of public funds
 - ensuring that the Institution complies with all relevant legislation
 - safeguarding the assets of the Institution.
- 2.3** Subject to the Articles of Government, the interpretation of these Financial Regulations shall be the responsibility of the Finance Director.
- 2.4** It shall be the duty of the Finance Director to ensure that existing staff and all new employees are notified of their responsibilities within these Regulations.
- 2.5** The Principal / Acting Principal shall be responsible for the implementation of these Regulations and for coordinating any corrective action necessary to further these Regulations. This responsibility may be delegated by the Principal.
- 2.6** Wherever the title Principal, Finance Director, or other nominated officer is used in these Regulations, it shall be deemed to include any other officers who have been duly authorized to represent them.

- 2.7** These Financial Regulations provide the scheme of administration and accounting to staff of the college. They apply to all employees full and part-time, permanent and temporary. Failure to comply with these Regulations and to instructions and procedures issued by the Finance Director in furtherance of them, will be regarded as a serious breach of discipline
- 2.8** In exceptional circumstances, the Corporation may authorize one of its committees to sanction a departure from the detailed provisions herein, such departure to be reported to the Governing Body at the earliest opportunity.
- 2.9** All references in these Regulations to the masculine gender shall be read as equally applicable to the feminine gender, and vice versa.

B Corporate Governance

3 Responsibility

- 3.1** Section 4 below defines the Governors' responsibility for financial matters. Sections 5 to 8 contain summary responsibilities of:

The Corporation

The Designated Officer

Corporation Committees

The Management

The Internal Audit

The responsibilities of External Audit are set out in Section 15.2

4 Responsibilities under the Articles of Government (Financial Matters)

- 4.1** The financial responsibilities of Governors are set out in the Articles of Government.

- 4.2** In essence, **the Corporation** is responsible;

- For the effective and efficient use of resources, the solvency of the Institution and for safeguarding its assets.
- For approving annual estimates of income and expenditure
- For the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts and for setting a framework for the pay and conditions of all other staff.

4.3 The Corporation shall not delegate the following:

- The determination of the educational character and mission of the College.
- The approval of the annual estimates of income and expenditure.
- Ensuring the solvency of the Institution and the safeguarding of its assets
- The appointment or dismissal of the Principal / Acting Principal
- The varying or revoking of these Articles.

4.4 The Principal Subject to the responsibilities of the Board of Governors, the Principal shall be the chief executive of the College and shall be responsible:

- For the organization, direction, management and structure of the College and leadership of the staff.
- For the appointment, assignment, grading, appraisal, suspension, dismissal, and determination – within the framework set by the Board of Governors – of the pay and conditions of service of staff other than the holders of senior posts.
- For preparing annual estimates of income and expenditure for consideration by the Board of Governors and for the management of budget and resources, within the estimates approved by the Board of Governors.

4.5 In addition to describing responsibility by group or individual as above the Articles describe the responsibility for various financial matters category by category:

4.6 Fees

The Board of Governors shall determine the tuition and other fees payable to the Corporation (subject to any legal constraints).

4.7 Accounts and Estimates

The Board of Governors shall keep true records of the Corporation's income and expenditure in accordance with the provisions of the Education Reform Act 1988 and shall provide the Agency with true accounts at such times and in such form as the Agency may direct.

4.8 Audit

External Auditors shall be appointed and other audit work conducted in accordance with any requirements of the Agency.

5 Other responsibilities for financial management not specifically included in the Articles of Government (Financial Matters)

5.1 The Corporation

The Corporation is responsible for the management and administration of the Institution. Its

financial responsibilities are to:

- ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the Institution are appropriate and sufficient to safeguard public funds
- approve the appointment of external auditors and an internal auditors
- secure the efficient, economical and effective management of all the Institution's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the Institution is not put at risk
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution
- plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure
- approve an annual budget before the start of each financial year
- determine tuition fees
- ensure that the Institution complies with the Agency's Audit Code of Practice
- approve the Institution's strategic plan
- approve the annual financial statements.

5.2 Designated Officer

The Principal is the Institution's designated officer responsible for the financial administration of the Institution's affairs in accordance with the Financial Memorandum with the Agency. As the designated officer, the Principal may be required to justify any of the Institution's financial matters to the Public Accounts Committee at the House of Commons. The Principal shall demonstrate oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual Financial Statements, and the three-year financial forecasts submitted to the Agency.

6 Committee Structure

6.1 The Governing Body has ultimate responsibility for the Institution's finances, but may delegate specific powers and processes to any properly constituted committee or sub-committee of the Corporation.

6.2 Audit Committee

Institutions are required by their Financial Memorandum with the Agency and by the Agency's Audit Code of Practice to appoint an Audit Committee. The Committee is independent, advisory and reports to the Governing Body. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The audit requirements of the Institution are set out in the Agency's Audit Code of Practice.

7 Other Senior Managers with Financial Responsibility

7.1 The Finance Manager

Day-to-day financial administration is controlled by the Finance Manager, who is responsible to the Finance Director and the Principal for:

- preparing annual capital and revenue budgets and financial plans
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- preparing the Institution's annual accounts and other financial statements and accounts which the Institution is required to submit to other authorities
- ensuring that the Institution maintains satisfactory financial systems
- providing professional advice on all matters relating to financial policies and procedures
- day-to-day liaison with internal and external auditors in order to achieve efficient processes.

7.2 Members of the Leadership team, Heads of Faculty or Service Departments

Managers such as VPs, Heads of a Faculty or Service Departments are responsible to their line manager, and ultimately the Principal, for financial management of the areas or activities they control. They are advised by the Finance Director and the Finance Manager in executing their financial duties. The Finance Manager will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Managers are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved to Budget Holders, they are accountable to their line manager for their own budget.

Managers shall provide the Finance Director or the Finance Manager with such information as may be required to enable:

- compilation of the Institution's financial statements
- implementation of financial planning
- implementation of audit and financial reviews, projects and value for money studies.

7.3 All members of staff

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

They should ensure that they are aware of the Institution's financial authority limits and the values of purchases for which quotations and tenders are required.

They shall make available any relevant records or information to the Finance Director or his authorized representative in connection with the implementation of the Institution's financial policies, these Financial Regulations and the system of financial control.

They shall provide the Finance Director or the Finance Manager with such financial and other information as they may deem necessary, from time to time, to carry out the requirements of the Governing Body.

They shall immediately notify the Finance Director or the Finance Manager whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the Institution. The Finance Director or the Finance Manager shall take such steps as they consider necessary by way of investigation and report.

8 Responsibility of Internal Audit

- 8.1** Internal Audit is responsible for conducting an independent appraisal of the Institution's activities. It should provide a service to all levels of management. It is responsible for giving assurance to the Board of Governors on the effectiveness of all financial and other controls and also for assisting managers by evaluating and reporting to them on the effectiveness of the controls for which they are responsible. It is not, however, an extension of, or a substitute for, good management.
- 8.2** All the Institution's activities fall within the remit of internal audit. Internal audit should consider the controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It should seek to confirm that managers have taken the necessary steps to achieve these objectives.
- 8.3** It is not, however, within the remit of internal audit to question the appropriateness of policy decisions, but it should draw attention to any uneconomical or unsatisfactory result arising from a decision or establishment practice or policy. Internal audit should be required to examine the arrangements within the Institution by which policy decisions are made, monitored and reviewed.

9 Risk Management

- 9.1** The Institution acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable/unacceptable by the Institution will be set out in a separate risk management strategy.
- 9.2** The Governing Body has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the Institution through the development, implementation and embedment within the organisation of a formal, structured risk management process.
- 9.3** In line with this policy, the Governing Body requires that the risk management strategy and supporting procedures include:
- the adoption of common terminology in relation to the definition of risk and risk management
 - the establishment of Institution-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis
 - a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes (see above)
 - a decision on the level of risk to be covered by insurance (see 24.1)
 - detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas
 - development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing

the risk in question

- regular reporting to the Governing Body of all risks above established tolerance levels
- an annual review of the implementation of risk management arrangements

The strategy and procedures must be capable of independent verification.

9.4 Managers must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the Institution may be exposed. The Clerk's advice should be sought to ensure that this is the case.

10 Whistleblowing

10.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

10.2 Normally, any concern about a workplace matter at the Institution should be raised through the relevant member of staff's management line. However, the Institution recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.

10.3 A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose. If the member of staff does not wish to raise the matter with this person, or with the Principal or the Chair of the Governing Body, it may be raised with the Chair of the Audit Committee.

10.4 The full procedure for whistleblowing is set out in the Institution's whistleblowing policy, which is available through the Human Resources Department.

11 Code of Conduct

11.1 The Institution is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner and expects that staff at all levels will observe its Code of Conduct and General College Rules contained within its Personnel policies and procedures.

11.2 Additionally, members of the Governing Body, senior management or those involved in procurement are required to disclose interests in the Institution's Register of Interests maintained by the Clerk (or other designated officer). They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly.

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

11.4 Receiving gifts or hospitality

It is illegal 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 guiding principles to be followed by all members of staff must be:

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

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

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 a relevant senior manager. Guidance on acceptable hospitality is contained in the General College Rules policy updated by the Human resources department. For the protection of those involved, the Finance Director (or other designated officer) will maintain a register of gifts and hospitality received where the value is in excess of £25. Members of staff in receipt of such gifts or hospitality are obliged to notify the Finance Director (or other designated officer) promptly.

C Financial Management and Control

12 Financial Planning

12.1 The Finance Director is responsible for preparing annually a rolling three-year financial plan for approval by the Governing Body and for preparing financial forecasts for submission to the Agency. Financial plans should be consistent with the strategic plans and estates strategy approved by the Governing Body. The financial plan shall be prepared by the Finance Director in association with the Senior Management Team and approved by the Principal before being submitted to the Governing Body for approval. Attention shall be drawn to any provisions made for any new service or reduction in service or material alteration or extension of any existing service and showing separately the costs of these specific proposals.

12.2 Budget preparation

The Finance Director is responsible for preparing each year an annual revenue budget and capital programme for submission to the Governing Body. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Finance Director must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Heads of Faculty or Service

Department as soon as possible following their approval by the Governing Body.

Schedules of staffing costs shall be presented with the Budgets and attention will be drawn to year-on-year changes.

The proposed budget shall show in detail proposed expenditure on individual items costing more than £30,000 or any other figures as may be determined by the Governors.

12.3 Capital expenditure

The Finance Director is responsible for keeping the Governing Body informed of capital expenditure.

A summary of protocols for proposed capital expenditure is shown in Appendix A.

Following completion of a capital project in excess of £30,000, a post-project evaluation (including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project) should be completed in writing and submitted to the body that approved the expenditure. Post-project evaluations may also need to be sent to the relevant Agency, as laid down in Agency guidelines.

12.4 Corporation approval of major developments

Corporation approval is required whenever any of the following applies to a development:-

(i) the scale of the goods or services purchased or supplied (as measured either by money or guided learning hours) is more than 5% of the current year's total cost budget for the College

(ii) a new aspect of business, or proposed establishment of a company or joint venture, requiring an investment in buildings, resources or staff time of more than £30,000.

(iii) a prudently projected cash flow would violate the College's current financial objectives for liquidity

(iv) there is significant legal risk

(v) proposed unbudgeted expenditure on a development requires approval by the Corporation

The Finance Director will establish protocols for these major developments to enable them to be considered for approval by the Governing Body. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet. A summary of protocols for proposed major developments are shown in appendix H.

12.5 Overseas activity

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

13 Financial Control

13.1 Budgetary control

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

Significant departures from agreed budgetary targets must be reported immediately to the Finance Director or the Finance Manager by the member of the Leadership Team, Head of Faculty or Service Department concerned and, if necessary, corrective action taken.

The Principal may, within budgetary limits approved by the Governors, delegate responsibility for a budget or part of a budget to Officers to permit the performance of defined activities. The terms of delegation shall include clear definition of individual responsibilities for control of expenditure, exercise of virement and / or achievement to planned levels of income generation.

The Governors shall receive a timely explanation of significant variances between budget and actual income and expenditure.

13.2 Financial Information

- The Budget Holders are assisted in their duties by management information provided by the Finance Director or the Finance Manager. The types of management information available to the different levels of management are described in the detailed financial procedures, together with the timing at which they can be expected.

The Finance Director is responsible for supplying budgetary reports on all aspects of the Institution's finances on a basis determined by the Corporation.

13.3 Changes to the approved budget

During the financial year, the College may submit for the approval of the Corporation proposals for additional revenue expenditure, provided this expenditure can be met from increased income or justified budget savings.

In carrying out their budgetary duties:

- The Finance Director shall not exceed the budgetary limit set by the Governors.
- Officers shall not exceed budgetary limits set for them by the Finance Director.
- The Finance Director has the authority to vary the budget limit of an Officer within his overall budget limit.

Except where otherwise approved by the Principal, taking advice from the Finance Director, budgets shall only be used for the purpose for which they were provided and any budgeted funds not required for their designated purpose shall revert to the control of the Finance Director.

13.4 Virement

Only the Board of Governors may make virements that would result in the staffing budget being increased.

Other than staffing estimates, virements of no more than £40,000 may be authorised by the Finance Director.

Virements in excess of £40,000 require prior approval by the Board of Governors. Exceptions are permissible in cases of emergency spending or where, in the opinion of the Principal, there may be consequential financial loss to the College (e.g. the need to meet the terms of a research grant by the financial year end). All exceptions will be reported to the Board of Governors.

Virements in excess of £40,000 should also be reported in the college's management accounts.

14 Accounting Arrangements

14.1 Financial year

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

14.2 Basis of accounting

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

14.3 Format of the financial statements

The financial statements are prepared in accordance with the Statement of Recommended Practice *Accounting for Further and Higher Education*, subject to any specific requirements of the Agency.

14.4 Capitalisation and depreciation

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

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

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £1,000 or more. Capitalised assets will be depreciated, commencing in the year of acquisition, over their expected useful life, which generally will mean the following periods:-

Buildings	25 or 50 years
Plant	10 years
Motor vehicles, furniture & fittings, and general equipment	5 years
Computer equipment	4 years

Any other item will be depreciated over its expected useful life, commencing in the year of acquisition.

14.5 Accounting records

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

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

- official purchase orders
- paid invoices
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- payroll records, including part-time lecturers' contracts.

The Finance Director will make appropriate arrangements for the retention of electronic records.

Members of staff should ensure that retention arrangements comply with any specific requirements of the various funding organisations.

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

14.6 Public access

Under the terms of the Charities Act 1993, the Governing Body is required to supply any person with a copy of the Institution's most recent financial statements within two months of a request. The Act enables the Governing Body to levy a reasonable fee and this will be charged at the discretion of the Finance Manager.

14.7 Taxation

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

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

14.8 Annual Accounts and Reports

The Principal shall be responsible for the preparation, certification and submission of statutory returns and reports to the Secretary of State as required by him.

In preparing such statements, proper regard shall be made to any standard accounting practices or statements of recommended practice relevant to the College.

The Finance Director shall be responsible for the prompt and comprehensive financial and

management account returns required from time to time by the Agency, in the format prescribed by that body.

15 Audit Requirements

15.1 General

External auditors and internal auditors shall have authority to:

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

The Finance Director is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

The financial statements should be reviewed by the Audit Committee. On the recommendation of the Audit Committee they will be submitted to the Governing Body for approval.

15.2 External audit

The appointment of external auditors for the main financial statements of the Institution will take place annually and is the responsibility of the Governing Body. The Governing Body will be advised by the Audit Committee.

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

15.3 Internal audit

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

The main responsibility of internal audit is to provide the Governing Body, the Principal and Senior Management with assurances on the adequacy of the internal control system.

The Internal Audit Service remains independent in its planning and operation but has direct access to the Governing Body, Principal and Chair of the Audit Committee. The Internal Auditor will comply with the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors*, the Agency's Audit Code of Practice and the Government Internal Audit Standards.

15.4 Fraud and corruption

It is the duty of all members of staff, management and the Governing Body to notify the Finance Director immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. If the suspected fraud is thought to involve the Finance Director the Principal should be notified. If the Principal is suspected of fraud the Clerk to the Governors or a Governor should be notified.

The Finance Director (or another officer if so notified as above) shall immediately apply the Anti-Fraud and Corruption Policy.

15.5 Value for money

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

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

15.6 Other auditors

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

16 Treasury Management

16.1 Treasury management policy

The Corporation is responsible for approving a treasury management policy statement (based on CIPFA's *Treasury Management in the Public Services: Code of Practice* together with cross-sectoral guidance and sector-specific guidance) setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with Agency rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Corporation has a responsibility to ensure implementation, monitoring and review of such policies.

The Finance Director will report to the Corporation in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him.

16.2 Banking arrangements

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

The Finance Director shall advise on the bank accounts required and shall open such accounts as the College may require, subject to approval from the Corporation. The Finance Director shall advise the Bankers, in writing, of the conditions under which each account shall be operated. All funds shall be held in the name of the College. No officer other than

the Finance Director shall open an account in the name of the College whether with a bank or other institution.

All signatories to cheques and payable order schedules shall require the specific approval and authority of the Finance Director, as will additions or deletions to the signatory lists. The Finance Director shall advise the bankers in writing of the officers authorised to release money from or draw cheques on each bank account and shall notify promptly the cancellation of any such authorisation.

16.3 Investment of Funds and Borrowing

The Finance Director shall ensure that the College's bank balance is managed as follows:

- According to the requirements placed upon the College by the Agency and other external bodies with legitimate powers.
- In keeping with statutory requirements and good accounting practice.
- With the objective of maximising the return on investment and minimising the cost of borrowing subject to the last two paragraphs above.
- The Finance Director shall be responsible for ensuring that the College's overdraft facility (if any) is adequate and not exceeded.

17 Income

17.1 Sources of income

The College's principle source of income is annual revenue grants from the EFA / SFA agencies.

17.2 The Finance Director shall be responsible for designing and maintaining systems for the proper recording, accounting and collection of all monies due.

17.3 All Officers initiating contracts or other transactions for which money will be due to the College, shall inform the Finance Director or the Finance Manager and follow procedures laid down by them.

17.4 The Finance Director shall take appropriate recovery action on all outstanding debts. Income not recovered shall be dealt with in accordance with the Sections 17.5 and 17.6

17.5 Bad debts relating to income properly due to the College must be brought to the attention of the Finance Director or the Finance Manager as soon as possible.

17.6 The Finance Director and the Finance Manager are authorised to approve the write off of bad debts. Any individual item in excess of £3,000 shall be the subject of a report to the Audit Committee. In addition, a report shall be submitted to the Audit Committee if total write-offs in any financial year exceed £25,000.

17.7 Income accruing to the departments becomes the income of the College, and shall be used in a manner to be decided by the Finance Director subject always to decisions of the Board

of Governors.

17.8 Scales of charges for tuition fees shall be reviewed annually. Other fees and charges (e.g. lettings, shop, catering) shall be subject to continuous review and alterations as appropriate by line managers ("Budget Holders") under the general control of the Finance Director and always with the objective of meeting budgetary targets and of being congruent with Governors' policy.

17.9 Receipt and security of cash, cheques and other negotiable instruments

All receipt books or other means of formally acknowledging or recording amounts received or receivable, shall be in a form approved by the Director of Finance or his designated representative.

Where appropriate, all officers whose duty it is to collect and hold cash shall be provided with a safe. Keys to the safe shall be kept by the Finance Director, or his designated representative, and given to officers authorised to have them. The loss of any key shall be reported to the Finance Director or the Finance Manager immediately.

The opening of incoming mail in which cash remittances can be expected shall be undertaken by two responsible officers. Remittances shall be written up in an approved form of register.

A minimum of 2 members of staff should collect cash from vending machines regularly as occasion demands. Coin box keys shall be held by an officer nominated by the Finance Director or the Finance Manager.

The Finance Director or the Finance Manager shall prescribe the system for storing and transporting of cash and other securities.

Official monies shall not be used for the en-cashment of private cheques.

The holders of safe keys shall not accept unofficial funds or valuables for depositing in the safe unless authorised by the Finance Director or the Finance Manager. In such circumstances it must be made clear to the depositors that the College is not to be held liable for any loss - written indemnities shall be obtained from the depositors absolving the College from responsibility for any loss.

Any unused cheques and other orders shall be subject to the same precautions as are applied to cash.

All staff shall be informed in writing of their responsibilities and duties for the collection, handling, recording or disbursement of cash, cheques and other instruments.

Any loss or shortfall of cash, cheques or other negotiable instruments, shall be reported to the Finance Director or the Finance Manager without delay.

17.10 Receipts by credit or debit card

The Institution may only receive payments by debit or credit card using procedures approved by the Finance Director or the Finance Manager.

17.11 Internet receipts

Any member of staff wishing to arrange for payment to be made to the Institution by the internet, other than by means of existing procedures, should seek guidance from the Finance Manager or his staff at an early stage.

17.12 Student fees

The procedures for collecting tuition and residence fees must be approved by the Finance Director or the Finance Manager. He or she is responsible for ensuring that all student fees due to the Institution are received.

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

17.13 Disposal of Assets

In the first instance, assets thought to be surplus to requirement or assets to be offered in part exchange agreements must be brought to the attention of the Finance Director or the Finance Manager. No assets of the College shall be disposed of without the prior written approval of the Finance Director or the Finance Manager.

For disposals of assets thought to have a sale value in excess of £3,000 (exclusive of VAT) refer to Sections 20.3-20.6 for competitive tendering.

Before any College Assets are disposed of, whether or not consideration is received, a list of the items must be circulated to all Programme Team Leaders and Departmental Heads in order to ascertain whether the items could be used by other departments.

Subject to the discretion of the Finance Director or the Finance Manager, the sale proceeds shall accrue to the College and not to the Department initiating the sale.

18 Other Income-Generating Activity

18.1 Private consultancies and other paid work

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

- outside consultancies or other paid work may not be accepted without the consent of the Leadership Team, Head of Faculty or Service Department (or, in the case of one of these managers, the Principal)
- applications for permission to undertake work as a purely private activity must be submitted to the relevant SLT, Head of Faculty or Service Department or Principal, as appropriate, and include the following information:
 - the name of the member(s) of staff concerned
 - the title of the project and a brief description of the work involved
 - the proposed start date and duration of the work
 - full details of any Institution resources required (for the calculation of the full

economic cost)

- an undertaking that the work will not interfere with the teaching and normal Institutional duties of the member(s) of staff concerned.

18.2 Short courses

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

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

18.3 Off-site collaborative provision (franchising)

Any contract or arrangement whereby the Institution provides education to students away from Institution premises, or with the assistance of persons other than the Institution's own staff or with independent contractors (partner organisations), must be subject to the following procedure.

- There shall be a contract signed by the Principal and on behalf of any partner organisation that shall comply at least with the EFA / SFA agency model contract (as amended from time to time) in place before any provision is made. Contracts for significant changes in franchising activity shall be approved in advance by the Governing Body.
- The form of the contract shall be scrutinised in advance of its operation by the Finance Director or the Finance Manager.
- The impact of the contract(s) shall be subject to scrutiny by the Governing Body. The format for regular reports shall be as stated in Agency guidance. They shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the Institution's financial forecast.
- Where the partnership would represent a significant departure from the Institution's strategic plan, the Governing Body shall approve the departure, and the Principal shall seek the views of and inform the agencies.

18.4 European Union (EU) and other matched funding

Any such project requires the approval of the appropriate officer prior to any commitment being entered into. The contents of Paragraph 12.4 are relevant in this respect. Such approval shall be dependent upon the relevant SLT, Head of Faculty or Service Department being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the Institution's costing and pricing policy.

If the Institution sub-contracts such work to external providers, the relevant SLT, Head of Faculty or Service Department shall ensure that:

- this is on the basis of a written contract which allows for full audit access to detailed records
- appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality

- payments are only made against detailed invoices.

18.5 Profitability and recovery of overheads

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

Other income-generating activities organised by members of staff must be costed and agreed with the Finance Director or the Finance Manager before any commitments are made. Provision must be made for charging both direct and indirect costs in accordance with the Institution's costing and pricing policy, in particular for the recovery of overheads.

18.6 Deficits

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

18.7 Additional contributions to departments

Surpluses greater than anticipated are not to be used to supplement existing departmental cost budgets unless approval is given by the Finance Director.

18.8 Additional payments to staff

Any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the SLT, Head of Faculty or Service Department, and in the case of a SLT member the Principal.

19 Intellectual Property Rights and Patents

19.1 General

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

19.2 Patents

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

19.3 Intellectual property rights

In the event of the Institution deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the Institution and contained in the Institution's detailed financial procedures.

20 Expenditure

20.1 Authorisation of Expenditure

The Finance Director shall establish through the budget setting process which Budget Holders can incur various types of revenue expenditure and up to what limits. Within those

parameters any expenditure must have the authorisation of the budget holder or his appointed nominee and shall not exceed his stated budget.

The Finance Director shall maintain a register of authorised signatories and Heads of Faculty or Service Department must supply him or her with specimen signatures of those authorised to certify invoices for payment (for paper-based systems).

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

The Finance Director or the Finance Manager must be notified immediately of any changes to the authorities to commit expenditure.

Authorisation of expenditure, except for contracts shall be either through a satisfactory purchase order procedure (see contracting and purchasing) or by the direct certification of invoices by the officer whose budget is incurring that expenditure. The Principal and Finance Director may individually instruct that such expenditure be incurred.

20.2 Procurement

The Institution requires all Budget Holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice. Factors to be considered in determining lowest cost are noted in the financial procedures.

The Finance Director (or other designated officer) is responsible for:

- ensuring that the Institution's purchasing policy is known and observed by all involved in purchasing for the Institution and that any consortia purchasing agreements are also known and followed
- advising on matters of Institution purchasing policy and practice
- advising and assisting departments where required on specific departmental purchases
- developing appropriate standing supply arrangements on behalf of the Institution to assist Budget Holders in meeting their value for money obligations
- vetting all orders above £5,000 before they leave the Institution
- the drafting and negotiation of all large-scale purchase contracts (generally in excess of £30,000) undertaken by the Institution, in collaboration with the responsible department
- ensuring that the Institution complies with EU regulations on public purchasing policy.

20.3 Contracting, Purchasing, Tendering

20.3.1 The College requires that for any purchase or sale made in excess of £3,000 (exclusive of VAT and carriage) and regardless of whether it is of a revenue or Capital nature, that purchase or sale shall be subject to a competitive process as described in 20.3.2-20.10.

Quotations £3,000 to £50,000 (but see 20.9 re: Estates)

20.3.2 In all cases where a Head of Faculty or Service Department wishes to make a purchase or otherwise incur expenditure estimated to be in excess of £3,000 but less than £50,000, the advice of the Finance Director or other designated officer shall be sought to ensure that the College does not already have an approved supplier or other contractual arrangement for

that type of purchase.

20.3.3 Subject to Section 20.3.2, where practical, the Head of Faculty or Service Department will obtain at least three written quotes from firms thought to be able to meet the College's requirements.

20.3.4 It will be the responsibility of the Head of Faculty or Service Department on behalf of whom quotations were sought, to evaluate each quotation against the requirement. Normally the lowest quotation resulting from this evaluation will be the successful quotation.

20.3.5 If in the opinion of the SLT, Head of Faculty or Service Department the lowest quotation should not be accepted then this decision should be noted in writing and vetted by the Finance Director or other designated officer before any contract is entered into.

Tendering for items likely to be in excess of £50,000 (but see 20.9 re: Estates)

20.3.6 For expenditure (or income from asset disposals) estimated to be in excess of £50,000 (exclusive of VAT and carriage), at least three tenders are required and authorising officers must consult with the Finance Director on the form, preparation and presentation of a formal specification and form of contract.

20.3.7 Subject to this advice, the main authorising officer will then arrange to place 'invitations to tender' advertisements in the local/national/trade press as appropriate, specifying the College's requirements as to:

- date for submission
- address for tendering
- details required
- date of completion/delivery
- any other information thought to be of assistance to would-be tenderers/suppliers

20.3.8 Other procurement routes: notwithstanding the generality of the above, the Corporation empowers the Finance Director to authorise other procurement routes, including negotiated contracts with nominated suppliers, where it is considered to be advantageous to the college.

Where authority is granted to follow alternative procurement routes care is to be taken to ensure that all contracts, negotiations, transactions and dealings are transparent and above board.

20.4 Receipt of Tenders

Prospective tenderers/suppliers should be reminded to return their tender in a plain envelope with the subject of the tender written in the top left hand corner of the envelope.

All envelopes received at the College will be passed, unopened, to the Finance Director or his designated representative until the final date for submission. The envelopes will then be opened by the Finance Director or his designated representative in the presence of a co-opted member of the Senior Management Team and a list prepared of all tenders received, from whom, and the amount of the tender.

The list will then be signed by both officers, dated and retained by the Finance Director or his designated representative, together with the individual tenders.

20.5 Evaluation

It will be the responsibility of the SLT member, Project Team Leader or Head of Faculty or Service Department on behalf of whom tenders were invited, in conjunction with the Finance Director or his designated representative to evaluate each tender against the agreed specification.

The lowest (highest for disposals) tender resulting from this evaluation will then be regarded as the successful tender and the tenderer will be formally notified of this fact by the finance Director or his designated representative.

If, however, in the opinion of either the Finance Director or his designated representative or SLT, Programme Team Leader or Faculty/Service Departmental Head the lowest tender should not be accepted, then the matter must be reported to the Directorate for their consideration and a note made on the list held by the Finance Director or his designated representative.

20.6 Post-tender negotiations

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 Institution's tendering process.

In each case, a statement of justification should be approved by the Principal prior to the event, showing:

- background to the procurement
- reasons for proposing post-tender negotiations
- demonstration of the improved value for money.

20.7 Contracts

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

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

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

Proposals shall be presented in the form of costings or investment appraisals prepared by the Finance Director for Corporation consideration. Investment appraisals should comply with appropriate Agency guidance.

Following consideration and approval by the Governing Body, submissions should be forwarded to the EFA / SFA agency where appropriate. If the required agreement is secured from the EFA / SFA agency, agency procedural rules should be followed. Agency guidance on best practice should be followed even when EFA / SFA agency approval is not required.

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

Conditions of contract for the purchase of goods will be followed as described in the Institution's detailed financial procedures.

20.8 EU regulations

The Finance Director is responsible for ensuring the Institution complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The Finance Director or his designated representative will advise Heads of Faculty and Service Departments on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

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

20.9 Exception in the case of Property or Estates matters

Most large orders are in the area of property or estates matters. The following are compiled in order to ensure proper controls without causing unnecessary delay in carrying out work.

In the case of expenditure relating to jobbing contracts, other maintenance work, renewals, alterations and major work the upper limit for quotations (as in 20.3.1-20.3.8 above) shall be £50,000. The limit above which tenders must be sought shall be £50,000.

Lists of approved Suppliers and Contractors will be maintained for jobbing contracts and maintenance contracts. This list will be reviewed annually by the Finance Director and will be subject to review by the Principal and Audit Committee.

The Finance Director or his designated representative will place day to day orders by reference to the Suppliers list.

20.10 Register

All contracts over £50,000 entered into by the College together with relevant information relating to those contracts will be recorded in a register held and maintained by the Finance Director or his designated representative. All documentation relating to contracts, including unsuccessful tenders, will be retained on file for such time as may be required by the

Institute's External and Internal Auditors, Agency Instructions and any statutory requirements.

20.11 Orders for Work, Goods and Services

No goods, services or works (other than works executed under a contract, purchases from petty cash and recurrent items e.g. gas and water) shall be ordered except on an official Cirencester College order. Only in cases of emergency or exceptional circumstances should orders be made by telephone. In such cases orders should be backed up by an official order. This should be drafted immediately a verbal order is given. Goods and services can be ordered through the internet either using the college's Government Procurement Cards or a supplier account, where the opening of the account has been agreed with the Finance Director or the Finance Manager. In this case a copy of the order from the supplier should be downloaded from the internet and signed by the budget holder. All goods received shall be checked as regards quantity and inspected as to quality and specification.

The Finance Director is responsible for the maintenance of lists and signature specimens of officers authorised to order goods against certain budget codes. Such lists and specimens shall be held by the finance staff and subject to annual review or as the result of a change in personnel.

20.12 Capital Expenditure

Draft estimates of capital expenditure, in order of priority, shall be submitted by the Leadership Team, Heads of Faculty and Service Departments to the Finance Director as part of the annual budget process.

Before capital expenditure is committed, the Head of Faculty or Service Department will submit the appropriate capital expenditure authorisation request to the Directorate for approval, following the requirements contained within Para's 12.3 and 12.4.

The Finance Director shall monitor the physical, contractual and financial progress of capital projects and furnish the Corporation with details on capital expenditure on a monthly basis.

20.13 Payment of Accounts

The Finance Director shall be responsible through the finance staff for the prompt payment of all accounts and valid claims.

The Finance Director shall be responsible for designing and maintaining a system for the verification, recording and payment of all amounts payable by the College. The system shall provide for the authorisation that:

- goods, work done or services have been duly received, examined and are in accordance with the order or specification and that the prices charged are correct.
- where appropriate, the expenditure is in accordance with regulations and that all necessary authorisations have been obtained.
- the account is arithmetically correct, and all discounts due have been taken.
- the account has not been previously passed for payment and is a proper liability of the College.

20.14 Leasing Arrangements

No Hire Purchase, Contract Hire or Leasing arrangement shall be entered into without the prior approval in writing of the Finance Director or his designated representative.

Any Hire Purchase, Contract Hire or Leasing transaction shall be subject to the competitive process described in Sections 20.3.1-20.3.8.

For the purpose of the competitive process the value of the transaction shall be calculated as being the total amount payable to the supplier over the life of the lease

20.15 Petty cash

The only petty cash held by the College shall be kept in the Finance Office, unless otherwise authorized by the Finance Director or the Finance Manager.

The petty cash box must be kept locked in a secure place in compliance with the requirements of the Institution's insurers when not in use and will be subject to periodic checks by the Finance Manager or another person nominated by him or her.

20.16 Other payments

Other types of payment shall be authorised by the Finance Director or the Finance Manager.

20.17 Giving hospitality

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

The limits concerning acceptable expenditure for entertaining guests are set out in the Institution's detailed Financial Procedures.

21 Pay Expenditure

21.1 The payment of all salaries, wages, pensions, allowances and similar benefits shall be under the control of the Principal

The Principal shall have, in sufficient detail, all matters affecting the payment of such emoluments and in particular:

- appointments, resignations, dismissals, suspensions, secondments and transfers.
- Absences from duty for sickness or other reason other than approved leave.
- Changes in remuneration, other than normal increments and pay awards and agreements of general application.
- Information necessary to maintain records or services for superannuation, income tax, national insurance and the like.

The Principal shall make available all the above and other relevant information to the appropriate government agency in a format prescribed by that body.

All time sheets and other pay or claim documents shall have the approved authorisations. A list of authorised signatories shall be kept by the Principal and made available to the appropriate staff as the need arises.

No officer may engage staff unless so authorised by the Principal, and only then in accordance with the rules that govern this area.

Each employee shall be issued with a contract or letter of employment which shall comply with current employment legislation. Whilst the payroll system is contracted out to FS4S the HR Department and the Finance Manager will be involved with checking all of the monthly / relevant returns to the payroll provider. Changes to the payroll specification must be approved by the Finance Director.

The Finance Director shall determine the dates on which the payment of salaries and wages are to be made.

All employees shall be paid by bank credit transfer, unless otherwise agreed by the Finance Director or the Finance Manager.

21.2 Superannuation schemes

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

The Human Resources department / FS4S is responsible for day-to-day superannuation matters, including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes

The Human Resources department is responsible for administering eligibility to pension arrangements.

21.3 Travel, subsistence and other allowances

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

Claims by members of staff must be authorised by their line manager. This certification shall be taken to mean that:

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

Arrangements for travel by the Principal or members of the Governing Body shall be approved by the Chair (or, in his / her absence, the Clerk) of the Governing Body.

Arrangements for travel by the Chair / Clerk of the Governing Body shall be approved by the Chair of the Audit Committee.

21.4 Overseas travel

All arrangements for overseas travel must be approved by the Principal in advance of committing the Institution to those arrangements or confirmation of any travel bookings.

Arrangements for overseas travel by the Principal or members of the Governing Body shall be approved by the Chair of the Governing Body. Arrangements for travel by the Chair shall be approved by the Audit Committee.

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

21.5 Allowances for members of the Governing Body

Claims for meeting attendance will be based on standard amounts if so agreed by the Governing Body and payment for these will be authorized by the Clerk based on attendance records.

21.6 Severance and other non-recurring payments

Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the Governing Body. Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose. All such payments shall be authorised by the Principal and calculations checked by the Head of Human Resources, the Finance Director or the Finance Manager. Any individual amounts that do not fall within the parameters above or are in excess of £15,000 require approval by the Corporation. In exceptional circumstances this approval may be given by the Chair of the Governing Body in consultation with the Principal, to be reported to the next meeting of the Corporation.

All matters referred to an industrial tribunal shall be notified to the Finance Director at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

22 Assets

22.1 Safeguarding assets

It will be the responsibility of the leadership Team, each Head of Faculty or Service Department to ensure that proper security is maintained at all times for all buildings, furniture, equipment, stocks, stores, under their control.

Whilst each employee has a responsibility for the security of the property of the College, it is the responsibility of SLT, Faculty/Service Departmental Heads to apply routine security practice in relation to College property held in their departments or functions. College property shall not be removed without the express permission of the appropriate Senior Manager, or in his absence, the Principal. Any breach of agreed security practices shall be reported to the Finance Director or the Finance Manager.

The Finance Director or the Finance Manager shall define the items of equipment to be controlled, and wherever practicable, these should be clearly marked as College property.

Any damage to the College's premises, vehicles or equipment or loss of equipment or supplies shall be reported by staff members first to their appropriate senior manager, who shall inform the Principal, Finance Director or Estates Supervisor.

22.2 Fixed asset register

Officers designated by the Finance Director or the Finance Manager shall maintain an up to date register of those items to be controlled.

Items on the register shall be physically checked at least once a year by a designated officer and any discrepancies shall be reported to the Finance or his designated representative in writing.

22.3 Stocks

The Principal shall be responsible for the custody and physical control of the College's stocks. He shall ensure that stocks are not carried in excess of reasonable requirements. Stock records shall be maintained in a form that meets the approval of both internal and external auditors.

Any significant surpluses or deficiencies revealed in any items of stock or any stock taking shall be reported immediately to the Principal. In any one year he shall be empowered to approve the write-off of deficiencies not exceeding £2,500 or other necessary adjustments to stock records. Items over £2,500 shall be referred to the Governors.

All goods received shall be checked as regards quantity and inspected as to quality and specification.

Stocktaking arrangements shall be agreed with the Finance Director or his designated representative and there shall be a physical check on all items in stock and the shops at least once a year.

23 Funds Held on Trust

23.1 Gifts, benefactions and donations

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

23.2 Student welfare and access funds

The Finance Director or the Finance Manager will prescribe the format for recording the use of student welfare funds.

Records of access funds will be maintained according to Agency requirements.

23.3 Trust funds

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

The Corporation is responsible for ensuring that all the Institution's trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

23.4 Voluntary funds

The Finance Director or the Finance Manager shall be informed of any fund that is not an official fund of the Institution which is controlled wholly or in part by a member of staff in relation to their function in the Institution.

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

24 Other

24.1 Insurance

The Finance Director shall effect the appropriate insurance cover for the College, negotiate all claims and maintain records of all insurances effected by the College and the property and risk covered.

The Finance Director or his designated representative shall notify the insurers without delay, of any loss, liability or damage likely to lead to a claim.

The Finance Director shall regularly review all insurances in consultation with the relevant Senior Managers and Officers.

All College insurance shall be handled through the Finance Office. Departments are not permitted to effect insurance cover without the prior approval of the finance Director or the Finance Manager. Personal belongings of staff and students are insured by the College against fire and burst pipe damage only.

Heads of Faculty or Service Department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the Institution may be exposed. The Finance Director or the Finance Manager's advice should be sought to ensure that this is the case. Managers must give prompt notification to the Finance Director or the Finance Manager of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. They must also advise the Finance Director or the Finance Manager immediately of any event that may give rise to an insurance claim. The Finance Director or his designated representative will notify the Institution's insurers and, if appropriate, prepare a claim in conjunction with the relevant managers for transmission to the insurers.

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

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

24.2 Companies and joint ventures

In certain circumstances it may be advantageous to the Institution to establish a company or a joint venture to undertake services on behalf of the Institution. Any member of staff considering the use of a company or a joint venture should first seek the advice of the Finance Director, who should have due regard to guidance issued by the EFA / SFA agencies.

Under the Learning and Skills Act 2000, an Institution needs the prior approval of the EFA / SFA agencies before a company or joint venture can be established. The Governing Body is responsible for ensuring that the required procedures are followed.

It is the responsibility of the Governing Body to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the Institution.

The directors of companies where the Institution is the majority shareholder must submit an

annual report to the Governing Body. They will also submit business plans or budgets as requested to enable the Corporation to assess the risk to the Institution. The Institution's internal and external auditors shall also be appointed to such companies.

Where the Institution is the majority shareholder in a company, that company's financial year shall be consistent with that of the Institution.

24.3 Use of the Institution's seal

Where a deed or document requires the Institution's seal, it must be sealed by the Clerk or, in his or her absence, the Finance Director, in the presence of a member of the Governing Body.

The Clerk is responsible for submitting a report to each meeting of the Governing Body detailing the use of the Institution's seal since the last meeting.

25 Appendices

Appendix A Summary of Protocols for Proposed Capital Expenditure

Appendix B Summary of Protocols for Proposed Major Developments

26. Data Protection

When managing an employee's personal data information will be collected in accordance with the College's data protection policy. Data collected is held securely and accessed by, and disclosed to, individuals only for the purposes of information relating to this policy. Inappropriate access or disclosure of employee data constitutes a data breach and should be reported in accordance with the organisation's data protection policy immediately. It may also constitute a disciplinary offence, which will be dealt with under the College's disciplinary procedure.

27. Equality

As with all College Policies and Procedures due care has been taken to ensure that this policy is appropriate to all employees regardless of gender, age, race, marital status, maternity, ethnicity, disability, gender identity, sexual orientation or religion/faith.

The policy will be applied fairly and consistently whilst upholding the College's commitment to providing equality to all. If any employee feels that this policy does not meet this aim please contact the College's Head of Human Resources

Appendix A: Summary of Protocols for Proposed Capital Expenditure

Proposed capital expenditure should be supported by a business case identifying:

- The proposed cost breakdown
- The expected benefits arising from the proposed expenditure
- Whether the expenditure is budgeted and, if not, what existing unspent capital budget item(s) (if any) it is proposed to forego in order to finance the proposal
- Alternative method(s) (if any) of achieving similar benefits
- Evidence of competitive quotations/tendering in accordance with these Financial Regulations

Appendix B: Summary of Protocols for Proposed Major Developments

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

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

There may be occasions when all of the above are not relevant for inclusion in the business plan. In these cases advice should be sought from the Principal, the Finance Director or the Finance Manager.