



Financial Regulations

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VERSION CONTROL

Version	Date Revised	Author/reviewer	Section / page no. changed	Summary of change(s)
V1.0	Nov 24	Shane Blackshaw		
V2.0	Feb-25	Shane Blackshaw	Front sheet Various Para.3.1.3, p.5 Para. 5.7.3, p.9 Para. 5.8, p.10 Annex B, p.26 Annex C, p.27	Policy details table added RPHR Committee changed to Finance Committee Executive Finance Director responsibilities update Budget holder responsibilities To reflect requirements of Procurement Act 2023 Amended budget timeline To reflect requirements of Procurement Act 2023

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I. Overview

- The Board of Governors has overall responsibility for financial strategy, solvency and the oversight of financial regulations. These responsibilities are discharged by the Board of Governors, the Finance Committee and through the Principal as Accounting Officer.
- The Funding Agreement between the Education and Skills Funding Agency (ESFA) and the College sets out the framework for financial control.
- Responsibilities and associated detailed financial regulations are included in this document. Detailed operational procedures are held in the Finance Department and key procedures are outlined in SharePoint, which is regularly updated.
- The College and its Governors obtain assurances on the effectiveness and appropriateness of financial controls through the services of its external and internal auditors. The terms of reference of the internal auditors form part of the control framework of the College and are reproduced at Annex A.

2. Financial principles and regulations - Framework

- This document's primary purpose is to set out the framework for financial control in the College. Its secondary purpose is to provide a first stage of financial guidance for all employees. Detailed financial procedures are held at department level.
- The regulations contained within this document apply to all staff and failure to comply with them will result in disciplinary action. The regulations comprise:
 - The Financial Principles which underlie all aspects of the financial operation of the institution – refer to Section 3.
 - The Financial Regulations which cover the control framework of the College's financial stewardship.
 - The Funding Agreement between the College and the Education and Skills Funding Agency
- These regulations, as a whole, are approved by the Board of Governors and may only be revised with the express approval of the Board of Governors.

Approved by the Board of Governors on:

Date:

Signed:.....
Chair of Governors

3. Financial Principles

- This document exists to provide a viable framework to:
 - Ensure that safe and proper arrangements are in place for the expenditure of public monies
 - Ensure that there is due accountability
 - Safeguard any member of staff from accusations of financial impropriety
- The following regulations apply to all members of staff and a breach of them is considered to be a serious disciplinary offence. All budget holders must be conversant with the financial regulations and a copy will be available to all budget holders. They exist in the legal context of the College with particular reference to the Funding Agreement of the ESFA and the Articles of Government.
- The purpose of the financial principles is to define the financial responsibilities of:
 - The Board of Governors
 - The Principal
 - The Executive Finance Director

and to provide the constitutional basis for the financial procedures and regulations

3.1. Financial responsibilities

3.1.1 Financial responsibilities of the Board of Governors

- The Articles of Government (Article 5) of the College provide that the Board of Governors shall be responsible for:
 - the effective and efficient use of resources, the solvency of the College and safeguarding of its assets;
 - approving annual estimates of income and expenditure;
 - the appointment, grading, appraisal, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts;
 - setting a framework for the pay and conditions of service of all other staff
- The Board of Governors may establish Sub-Committees to act on its behalf
- However, the Board of Governors may not delegate the following:
 - the approval of the annual estimates of income and expenditure
 - ensuring the solvency of the College and the safeguarding of its assets
 - the appointment or dismissal of the Principal or holder of a senior post
 - the appointment of the Clerk, [including, where the Clerk is, or is to be, appointed as a member of Staff the Clerk's appointment in the capacity of a member of Staff]

3.1.2. Financial responsibilities of the College Principal

- The Articles of Government define the responsibilities of the College Principal in financial matters as:
 - the preparing of annual estimates of income and expenditure for consideration and approval by the Governing Body
 - the management of budgets and resources within the estimates approved by the Governing Body

3.1.3. Financial responsibilities of the Executive Finance Director

- The Executive Finance Director is responsible for:
 - the strategic and operational management of the finance function within the college
 - the appropriate segregation of duties within the Finance Department
- the maintenance of proper financial controls including the creation of requisitioners and authorisers and their respective financial limits (for electronic systems)
 - making payments to suppliers of supplies, services and works to the College
 - the filing of statutory accounts and financial plans with the funding bodies
 - an appropriately documented Finance System
 - the safeguarding of the College's assets
 - maintaining a register of authorised signatories and Budget Holders must supply specimen signatures of those authorised to certify invoices for payment (for paper-based systems)
 - creating new supplier requests, once the correct procurement route has been followed to select the supplier, and submitting a new supplier request form to the Finance Team together with the required information
- The Executive Finance Director will:
 - produce timely and accurate reporting to Governors on financial matters
 - advise the Principal and Governors on financial matters relating to the College
 - manage the organisation of the internal and external audit services subject to the oversight of the Audit Committee

4. Value Added Tax (VAT)

- The College is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.
- The College receives no similar exemption in respect of value added tax. For this reason the College is unable to recover input VAT it suffers on goods and services purchased. Non pay expenditure is, therefore inclusive of VAT.
- The income the College' receives from the funding bodies to deliver education services to 16-18 year-old students is Grant in Aid and as such is not subject to output VAT.
- Ancillary services offered by the College may however be subject to VAT should the annual income exceed thresholds set by HMRC. Currently this threshold is £85,000 p.a.
- A further, potential VAT liability for the College is connected to the use of buildings which were constructed within the last 10 years with VAT exemptions because of their charitable purpose. If, at a future date, the use of those buildings includes 'business use' above a level agreed by HMRC then the VAT which would have been payable at the time of construction (were they not built for charitable purposes) would become immediately payable. The cost of these College buildings (excluding VAT) is £2m.
- The Executive Finance Director will monitor the level of taxable supplies to ensure that no liability for input VAT relating to previous exemptions for building work crystallises; and that

VAT registration is in place if thresholds are reached; and that proper accounting for VAT will be maintained at all times.

5. Financial regulations

5.1. Introduction

- These regulations set out the framework of administration and accounting by which the Principal discharges his/her responsibilities. They apply to all employees of the College whether full time, part time, permanent, temporary (including agency or contract workers) or acting in a voluntary capacity.

5.2. Review

- The Audit Committee shall review the Financial Regulations annually, approve changes, and report to the Board of Governors on its actions accordingly.

5.3. Training and advice

- The Principal will make appropriate financial training available to staff as necessary to enable them to fulfil their responsibilities defined in these procedures. On-going training and advice is available from the Executive Finance Director and Finance Department.

5.4. Fraud and financial irregularity

- College Management has responsibility for the prevention, detection and investigation of financial irregularities including fraud and corruption. To that end it will provide clear financial regulations and procedures together with other supporting policies including the College's Whistleblowing Policy and the Staff Code of Conduct.
- A member of staff suspecting or discovering fraud or financial irregularity should report it to the Principal or Chair of the Audit Committee, as appropriate, as soon as possible. The individual will be subject to the safeguards contained in the College's Whistleblowing Policy and should follow the procedures contained therein.
- The Principal or Chair of the Audit Committee should arrange for an immediate investigation into the fraud/irregularity. Depending on the particular situation, the College Internal Audit Service should be directed to carry out the investigation. The Principal/Chair of Audit Committee should impound and secure all appropriate documentation and records. Where a person or persons have been identified, or there is sufficient evidence of fraud/irregularity or wrong doing, the Principal, or other member of the Senior Management Team nominated by the Chair of the Audit Committee, should initiate Disciplinary Procedures. Fraud, and any irregularities which have been perpetrated for personal gain should always be treated as Gross Misconduct under the Disciplinary Procedure. The Police will be informed appropriately.

5.4.1. Acceptance of gifts and hospitality

- No gifts other than those of low functional value (e.g. a diary) shall be accepted by members of staff – see Staff Code of Conduct. No hospitality shall be accepted by any member of staff from suppliers or potential suppliers of goods or services to the College unless declared and authorised by their line manager.

5.4.2. Income

- All income that results from work, goods or services provided by employees of the College in the course of their duty is income belonging to the College.
- All sums due to the College shall be collected promptly in accordance with arrangements approved by the Executive Finance Director. He/she will be responsible for ensuring that, where a debt is not settled by the due date, the company/individual is chased for payment immediately and when necessary further credit withheld.
- The Executive Finance Director shall be notified promptly in writing of all money due to the College and of any contracts, agreements or arrangements entered into which involve the receipt of money by the College and shall have the right to inspect any documents or other evidence in this connection as they may decide.
- The Executive Finance Director will be responsible for authorising all sales credit notes.

5.5. Controlled stationery

- All cheques, paying-in books will be kept securely within the Finance Office, and invoices and credit notes digitally stored on secure servers.

5.6. Debt

- All debts, regarded as recoverable, will be pursued without delay.
- The Principal shall be authorised to write-off irrecoverable debts (except where precluded from doing so by law) up to £5,000.
- Irrecoverable debts that are greater than £5,000 shall require the approval of the Finance Committee for write-off.
- All debts written off as irrecoverable, in accordance with these regulations, shall be recorded by the Executive Finance Director.

5.7. Budgetary control and financial planning

5.7.1. Financial planning

- The College's Strategic Plan is approved annually by the Board of Governors. This is supported by a 2-year Financial Plan. The planning detail will include estimates of student numbers, provision for staff and curriculum developments, training and the maintenance and development of the site.

5.7.2. Annual budgeting process

- The Executive Finance Director is responsible to the Principal for preparing the College's annual revenue and capital budgets.
- The Executive Finance Director will prepare and publish an annual timetable for the preparation of the budget and invite bids from all budget holders. The designation of Budget Holders will be by virtue of their post.

- An outline budget timetable is set out at Annex B

5.7.3. Budgetary control

5.7.3.1. Revenue budgets

- All budget expense lines and purchasing will be the responsibility of a Budget Holder. Purchasing authority may be delegated to named individuals within the department
- All budget holders must comply with the procurement and accounting regulations for goods and services.
- The Executive Director of Finance must be notified immediately of any changes to the authorities to commit expenditure
- Any overspends against budget must be authorised by the Executive Finance Director.
- Budget Holders, and those given delegated authority, are not authorised to commit the College to expenditure without first ensuring they have sufficient funds to meet the purchase cost
- Virement or transfer of budget lines will not be permitted.
- All significant variances (greater than +/- 15% and +/-£25,000+) against budget will be reported monthly in the management accounts.
- The Executive Finance Director is responsible for the preparation of monthly management accounts (including commentary, income and expenditure account, balance sheet, cash flow report and capital expenditure report).
- Budget holders can access reports detailing actual and budgeted expenditure, and commitments via the Proactis procurement system.
- The College Leadership Team (CLT) will review Management Accounts monthly.
- Copies of Management Accounts will be issued to members of Finance Committee and to the College's bankers each month, usually within 60 days of the close of each period.

5.7.3.2. Capital budgets

- The capital budget as agreed by the Principal and approved by the Board of Governors will be managed by the Executive Finance Director who will be the Budget Holder.
- The Executive Finance Director will liaise with the relevant managers in implementing and carrying out the capital programme.
- The Principalship and members of the Finance Committee will receive reports on any capital programme as part of the monthly financial reporting.
- All purchases of a capital nature with a value exceeding £1,500 will be capitalised and recorded in the Asset Register, which will be maintained by the Executive Finance Director.

- The Executive Finance Director will maintain detailed accounting records showing all capital receipts.
- The Executive Finance Director will prepare schedules showing calculations of depreciation charged, assets written down or written off.

5.8. Procurement and Value for Money (VFM)

5.8.1 Value for Money

The College will seek to obtain the best VFM when procuring its resources (which considers cost, cost, output, deliverability and “social value”¹), . Therefore, all expenditure will adhere to frameworks, arranged by various external purchasing consortia, provide an accelerated route to market for many generic requirements. The College is a member of the Crescent Purchasing Consortium (CPC) but framework agreements established by other consortia can be considered e.g. Government Procurement Service (GPS) framework.

- The Budget Holder and those with delegated authority shall ensure that any public sector framework accessed for the purpose of awarding a contract must include the College as a class of organisation envisaged by that Consortium when establishing the framework. Competition shall be established between suppliers appointed to a framework agreement, by means of mini competition to obtain tender submissions.
- Where a framework permits direct award to an appointed supplier and this is the College’s preferred option in the specific circumstances of an individual contract award, the Budget Holder and those with delegated authority shall keep a record of the decision made for such direct award that demonstrates compliance with the framework’s direct award mechanism.

5.8.2 Procurement Planning

- Prior to procuring any new or replacement Contract with a value exceeding £4,999 in accordance with these Regulations, Budget Holders and those with delegated authority shall complete and obtain approval of a Project Initiation Document (PID). A template PID is available on the College intranet. This will ensure that the necessary approvals to commit expenditure are in place prior to seeking either Requests for Quotation or Invitations to Tender in accordance with these Regulations.
- The Executive Finance Director in conjunction with the Budget Holder or those with delegated authority are jointly responsible for ensuring adequate time is built into the process for any procurement activity. This process will allow procurement activity to be planned, and any collaborative opportunities recognised.
- Within each service area of the College, the Head of Department is ultimately responsible for procurement planning in respect of all purchases, however funded. It is the responsibility of the Heads of Department, Budget Holders, and those with delegated authority to ensure that the College complies with these Regulations, and to notify the Executive Finance Director of any purchase that is likely to exceed the relevant Threshold for full compliance with the Procurement Act.

¹ Refer to the College’s Social Value Policy

5.8.3 Scope and Delegations for expenditure

Value (excluding VAT)	Procurement route	Budget Status	Authorised by
0 - £1,000	Less than 3 quotes		Budget Holder
£1,001 - £4,999	More than 1 quote	In Budget	Budget Holder
		Not in Budget	Executive Finance Director
£5,000 - £49,999	3 quotes	In Budget	Budget Holder
		Not in Budget	Executive Finance Director
£50,000 - £214,904 (supplies & services); £50,000 - £663,540 (light touch); £5,372,609 (works)	Minimum of 3 tenders including a specification for inclusion in a competitive tender process, evidencing the most advantageous tender	In Budget	Budget Holder
	Management of the tender process	Not in Budget	Executive Finance Director Finance Committee
Exceeding the threshold £214,904 (supplies & services); £50,000 - £663,540 (light touch); £5,372,609 (works)	Legally obliged to ensure that any such requirement is competitively tendered in accordance with the Procurement Act and shall allow a minimum period of four months for preparation, tendering and award of contracts. Evidence of most advantageous tender must be demonstrated		Budget Holder
	Management of the tender process		Executive Finance Director Finance Committee Board of Governors
Exceeding £5,000,000	Any contract of this value or greater includes a minimum of three Key Performance Indicators (KPIs) which define performance measures specific to the contract requirements and which shall be capable of being regularly monitored by the Contract Manager		Executive Finance Director Finance Committee Board of Governors

- Approvals by the Board of Governors or the Finance Committee require the signature of their chair.

- The Tendering procedure is set out at Annex C.
- All contracts will be held within the Finance Department and a register maintained.

5.8.4. Orders for works, goods and services

- All orders must be raised in accordance with these regulations and the supporting operational financial procedures.
- An order must be raised prior to committing the College to any expenditure. Exceptions to this will be where:
 - a contract exists between the College and supplier, emergency maintenance work is needed
 - items under £40 are purchased through petty cash
 - items are bought using a College Government Procurement Card (card credit limits and service restrictions apply)
 - utilities and rates are concerned
 - subscriptions are paid
- Any non-order goods and services must be authorised by the Executive Finance Director.
- All orders must be authorised by the Budget Holder and the Executive Finance Director (or in the absence of the Executive Finance Director by the Budget Holder and the Finance Manager).
- All goods and or services must be supplied at the College's site other than by agreement by the Executive Finance Director.
- Under no circumstances are private purchases unrelated to College business to be made through the College.
- All employees must declare to the Principal any pecuniary, management or other interest that they have in any organisation likely to enter into a contractual relationship with the College. Governors and senior staff of the College will make an annual declaration of interests, which will be held by the Clerk to the Board of Governors of Governors and can be inspected by members of the public.
- All contracts including hire and leasing agreements extending beyond the 31 July of any year must be approved by the Executive Finance Director.

5.8.5. Goods on approval

- Where goods are offered on approval an authorised purchase order must be raised prior to receiving the goods. Unwanted items must be returned within the approval period and the order cancelled.

5.8.6. Goods & services received

- All supplies shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification by the department which is

receiving the supplies and certifying the invoice. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the supplies.

- All supplies received shall be entered onto an appropriate supplies-received document. If the supplies are deemed to be unsatisfactory, the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where supplies are short on delivery, the record should be marked accordingly and the supplier immediately notified.
- All persons receiving supplies on behalf of the College should ideally be independent of those who negotiated prices and terms and placed the official order.
- On satisfactory receipt of the goods or service the Budget Holder will electronically approve the order for matching with the invoice by the Finance Department.
- In the event of a dispute or other disagreement with a supplier it will be the responsibility of the Budget Holder to resolve the matter and to inform the Finance Department about when and how it will be resolved. It is the responsibility of the Executive Finance Director to ensure that the internal control procedures in place prevent payment of invoices until the dispute is satisfactorily resolved.

5.8.7. Payments

- An invoice or other appropriate document should always support payments for goods, supplies and services.
- Suppliers' invoices must quote the College's order number. Suppliers' invoices should be sent to the Finance Department. Invoices directly received by departments of the College must be passed to the Finance Team as soon as they have been certified. Any worksheets and supporting documentation must be attached to the invoices
- Budget Holders are responsible for ensuring that expenditure within their departments does not exceed funds available and that discounts receivable are obtained.
- No individual member of staff may authorise any payment for reimbursement of expenditure to themselves.
- Payments will only be made by the Executive Director of Finance against invoices that have been certified for payment by the appropriate Budget Holder.
- Certification of an invoice or receipting of an electronic order will ensure that:
 - the supplies have been received, examined and approved regarding quality and quantity, or that services rendered, or work done is satisfactory; and
 - where appropriate, it is matched to the order; and
 - invoice details (quantity, price discount) are correct; and
 - the invoice is arithmetically correct; and
 - the invoice has not previously been passed for payment; and

- where appropriate, an entry has been made on a stores record or departmental inventory;
 - an appropriate cost centre is quoted; this must be one of the cost centre codes included in the Budget Holder's areas of responsibility and must correspond with the types of supplies or service described on the invoice
- The Executive Director of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer [each week]. Manual BACS payments will only be agreed in exceptional circumstances.
 - The Late Payment of Debts (Interest) Act 2013 allow small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:
 - small businesses can charge interest on overdue invoices; and
 - the rate of interest is currently 8% per annum above the official daily rate of the Bank of England
 - the Act also applies to overseas organisations; and
 - the College can be sued for non-payment.

In view of the penalties in this Act, the Board of Governors requires that invoices must be passed for payment as soon as they are received and therefore the College policy is to pay all valid invoices within 30 days of receipt.

5.9. College Government Procurement Cards

- The Executive Finance Director will authorise the issuing of Government Procurement Cards to card holders. The Principal will authorise the issue of a Procurement Card to the Executive Finance Director should the need arise.
- The Executive Finance Director will set the transaction and credit limits of Government Procurement Cards. The Principal will set the limits for any card issued to the Executive Finance Director.
- Card Holders will comply with the card issuer's terms and conditions. Card Holders are responsible for the safe keeping of cards issued in their name.
- Card Holders will ensure that PINs are memorised and not disclosed to any other person. Written records of PINs must not be kept.
- All receipts from transactions made using the card must be retained. Monthly statements will be reconciled by the Card Holder.
- Any erroneous transactions will be resolved by the Card Holder with the card issuer (Barclays).
- Receipts supporting the monthly statement will be attached to the statement and given to the Finance Department within 7 days of the statement date.
- No cash withdrawals will be allowed using the cards.
- Cards must be surrendered to the Executive Finance Director immediately at his/her request, or on termination of employment.

- The card may only be used for College business. No personal purchases will be made using the card.
- Expenditure incurred on the card will be the responsibility of the Budget Holder for the department concerned.

5.10. Asset management

5.10.1. Responsibility for fixed assets

- The Principal is responsible for all land and buildings assets. The Principal will arrange for the safe custody of title deeds and any other documentation in respect of land and property other than those held by the Diocese of Clifton.
- All employees are responsible for ensuring that proper security is maintained at all times for all buildings and their contents. All doors and windows must be secured when leaving rooms unattended.
- The Resources, Premises and Human Resources Committee will review the adequacy of insurance cover annually to ensure that the value of all the College's assets is protected.

5.10.2. Identification and recording of fixed assets

- All purchases of a capital nature with a value exceeding £1,500 individually or in aggregate will be capitalised and recorded in the Asset Register, which will be maintained by the Executive Finance Director.
- Purchases of furniture will normally be expensed in the year of purchase except where substantial investment is made e.g. to fit out new facilities a – guide for this would be an aggregated expenditure of £20,000 and above.
- Replacements for classroom projectors will be expensed in the year of purchase unless bulk purchases are made exceeding the £1,500 threshold.
- Renewals to items of fixtures and fittings to buildings, for example boilers, will normally be expensed in the year of purchase unless they are deemed to be so different in nature and function as to be a different product.
- The Executive Finance Director will prepare schedules showing calculations of depreciation charged, assets written down and written off and will record disposals and capital receipts.
- Assets will be depreciated over the following periods:

Land	0 Years	(0%)
Freehold buildings	40 Years	2.5%
Plant and Machinery	10 Years	10%
Computer equipment	5 Years	20%
Non-computer equipment	5 Years	20%

Vehicles	5 Years	20%
Intangible assets (software)	5 Years	20%

- Assets will normally be depreciated from the year after acquisition or commissioning, whichever comes later.

5.10.3. Disposal of fixed assets

- All disposals must be approved by the Executive Finance Director, and notified to the Finance Committee.
- The sale of assets with a net book value of more than £50,000 requires the approval of the Finance Committee.

5.10.4. Verification of fixed assets

- The Executive Finance Director will take overall responsibility for the coordination of the regular physical verification of the fixed asset register.
- Assets will be independently checked once a year to verify their condition and location. The details of the checks will be recorded and documented.

5.10.5. Control of non-fixed asset equipment

- An inventory will be maintained by each department for valuable and portable equipment below the capitalisation level but costing £250 or more.
- The Executive Finance Director will arrange for spot checks against nonfixed asset inventories.

5.11. Payroll

- Monthly payroll will be prepared by the Head of Human Resources. All variation requests and casual claim forms must be signed by an authorised signatory by the 10th day of every month.
- The Head of Human Resources is responsible for the preparation of any variations to monthly payroll. All variations will be properly recorded and signed by the Head of Human Resources.
- Variations will be reviewed by the Executive Finance Director prior to payroll approval. Deadlines for payroll completion are agreed annually by the Head of Human Resources in conjunction with the Finance Manager.
- The payroll is run in-house and the Payroll function will produce reports for validation for authorisation by the Executive Finance Director before payment files are generated. The Finance Manager is responsible for collecting the output file and importing into the BACS payment files for authorisation. Authorisation to make the BACS payment can only be given by the Executive Finance Director or the Principal who hold access rights to the BACS system.
- The Head of Human Resources will ensure proper segregation of duties to protect the integrity of the payroll function.

- All changes to the payroll process will be authorised by the Principal.
- The Head of Human Resources is responsible for the completion of returns to HMRC and pension providers. The Executive Finance Director will review these before they are issued.

5.12. Treasury management

- The Finance Committee is responsible for recommending for approval to the Board of Governors a Treasury Management Policy. This must be in accordance with the Funding Agreement between the ESFA and College. The Committee has responsibility for monitoring and reviewing the policy.
- The Board of Governors is responsible for the appointment of the College's bankers.
- Only the Principal may open or close a bank account for dealing with the institution's funds. All bank accounts shall be in the name of St Brendan's Sixth Form College.
- The Executive Finance Director will report to the Finance Committee on treasury management.
- The Executive Finance Director is authorised to execute all day-to-day arrangements concerning borrowing, investment or financing.
- The Executive Finance Director is responsible for the ordering and safe keeping of cheques.
- All cheques drawn on behalf of the institution must be signed in the form approved by the Finance Committee.
- All BACS transactions must be authorised by the Executive Finance Director, or in their absence by the Principal.
- The Executive Finance Director is responsible for ensuring that all bank accounts are reconciled on a monthly basis and that large or unusual items are investigated as appropriate.
- The Board of Governors is responsible for authorising any borrowing. Consideration must be given to achieving competitive rates and charges on any borrowings.
- The Board of Governors is responsible for authorising any investments by the institution on the recommendation of the Finance Committee.
- The Executive Finance Director is responsible for monitoring the credit standing of any counterparties. Where he or she has reason to believe that a counterparty's credit standing is or may become impaired he or she should apply prudence and advise the Finance Committee at its next meeting.

5.12.1. Cheque Signatories and Authorisation Limits

- Approved cheque signatories:
 - Principal
 - Vice Principal Curriculum, Quality and Innovation

- Vice Principal Student Experience and Progression
 - Executive Finance Director
 - Head of Human Resources
- Payments:
 - up to and including £3,000 require 1 signature
 - Payments over £3,000 require 2 signatures
 - Payments made via internet banking or direct BACS require the same signature authorisation requirements on the documentation as cheques.
 - Internet banking process authorisations:

Process	Access and authorisation
Daily account transfers	Finance Assistants and Executive Finance Director
Bank Statements	Finance Assistants and Executive Finance Director
Bank transfers – between accounts	Executive Finance Director or Principal
Electronic creditor payments	Input by Finance Assistants and authorised by the Executive Finance Director

- The Executive Finance Director is responsible for the management of the internet banking facilities.

5.12.2. Petty Cash

- Petty Cash claim forms are available from the Finance Office and must be supported by a receipt. Reimbursements in cash will be made for small amounts only. The maximum claim is £40 unless with the prior agreement of the Executive Finance Director.
- Petty cash payments up to £40 per transaction against any Cost Centre can be authorised by the Finance Manager.

5.12.3. Handling cash and cheques

- All cash and cheques received must be stored overnight in the safe kept in the Finance Department.
- All receipting should take place within the Finance Department. Staff required to receive cash or cheques directly must seek prior approval from the Executive Finance Director. No deduction may be made from cash receipts for any purpose, including the payment of expenses for connected activity, unless written authorisation is given by the Executive Finance Director or Finance Manager.
- Sequentially numbered receipts will be issued against all monies received and recorded. Receipts will be reconciled daily and checked weekly to banking.

- Key holders for the safe in Finance are the Principal, The Finance Manager and the Senior Accounts Assistant. Key holders for the ancillary safe in the store room are the Executive Finance Director and the other is held in the Finance room safe.
- Café tills will be reconciled daily and cash takings bagged and passed to the Finance Department for safe storage overnight.

5.12.4 Direct Debits

- The College will collect payments for College Deposits, College Transport, and other collections using its Direct Debit facility.
- Direct Debit forms will conform to the BACS standards in both wording and format.
- Before the first collection of each instruction is made the College will provide 10 working days notice to payers using a BACS approved Collection Notice.
- Hard copies of Direct Debit mandates shall be retained for 6 years after which they will be securely destroyed.
- Electronic records of Direct Debit instructions and collections shall be retained for 10 years before destruction.

5.12.5. Managing cash resources

- The College will keep cash reserves at least equivalent to approximately 25 cash days (calculated against its forecast annual income excluding deferred grant release), which is circa £550k within its current and sweep accounts. This amount will be described as the Working Balance.
- Cash reserves over and above the Working Balance may be placed on term deposit or other interest-bearing accounts with deposit takers or banks whose credit ratings (as assessed by Moody, Standard & Poor, and Fitch) are as good as or better than the college's Bank for current accounts but where interest rates offered are better than the best offered by the Bank.
- No one deposit taker or bank should hold more than £1.5m of the College's cash reserves including the Working Balance in the current and sweep accounts.
- The Principal will approve all deposit takers and the opening of new bank accounts and the Executive Finance Director will be authorised to deal with the deposit takers and banks in all regards as to the deposits, their amounts and terms subject to this Policy.
- The status of all deposits, their term length and rates of interest paid and deposit takers' credit ratings will be presented to Governors through the College's Monthly Accounts.

5.13. Travel, subsistence & expenses

- All claims must be submitted using the College Travel Claim Form. Line managers must sign claims to confirm that the travel was necessary for the business of the College. Proof of the expenditure should be attached to the claim form.

- Payments will be made monthly to employees, normally via the Payroll, or occasionally by cheque or BACS transfer.
- The Executive Finance Director must authorise all claims over £50 (other than their own which are authorised by the Principal) prior to their submission to the Finance Department.
- The Principal's expenses will be authorised by the Executive Finance Director and Chair of the Board of Governors.
- The Chair's expenses will be authorised by the Principal and Executive Finance Director.
- Travel and expense claims relating to INSET or staff development activities should be submitted on the College Travel and Expense Claim Form but should be coded to the appropriate budget.
- All travel and expense claims must be submitted within 60 days of when the cost was incurred.

5.13.1. Rates

- Where employees are required to use their own vehicles on approved College business, they may claim an allowance as follows:
 - Motor cars 40p per mile up to 10,000 miles per annum, 25p per mile thereafter
 - Motor cycles 24p per mile irrespective of mileage per annum
- Subsistence claims may reasonably be made (without being subject to tax) if a member of staff is travelling from College on College business and is away from the College for a period of time in excess of 5 hours. Beverages must be of a non-alcoholic nature. All claims must be supported by a receipt.
- Subsistence rates:
 - Lunch including drinks - up to £10.00
 - Evening meal including drinks - up to £20.00

5.13.2. Governors' expenses

- Where necessary, travel and subsistence expenses will be paid to members of the Board of Governors and its Committees for attendance at meetings and courses at the rates payable to College staff. The details of eligible expenses are set out in the Expenses Policy for Governors.

5.13.3. Monitoring of travelling and subsistence expenses

- Expenditure on travel and subsistence is reported in the management accounts on a monthly basis. Overseas travel will be undertaken when necessary to meet the College's objectives.
- Expenditure on overseas travel will be disclosed in the notes to the annual accounts.

6. 'Managing Public Money' requirements

- Following the ONS reclassification of the sector in November 2022 FE Colleges are now subject to a number of stricter controls regarding:
 - Senior Pay
 - Requirements for Write-Offs and Losses
 - Requirements for Special Payments (including severance, compensation and ex-gratia payments)
 - Requirements for Indemnities, Guarantees and Letters of Comfort
 - Requirements for novel, contentious and repercussive transactions
 - Requirements regarding Asset Disposals
- Annex D, including links to the full HM Treasury Guidance, refers

ANNEX A: Terms of Reference for the College Internal Audit Service

- The role of the internal audit service is to provide management with an objective assessment of whether systems and controls are working properly to achieve management's objectives. It is a key part of a College's whole system of internal control because it measures and evaluates the adequacy and effectiveness of other controls so that:
 - the Board of Governors and senior management can know the extent to which they can rely on the whole system of internal control of the College
 - individual managers can assure themselves that the systems and controls for which they are responsible are reliable.

Appointment

- The internal audit service is appointed by the Board of Governors, normally, for a term of 5 years. This is subject to satisfactory annual review by the Audit Committee and recommendation to the Board of Governors. Remuneration shall be fixed by the Board of Governors on the advice of the Audit Committee. A new competition for the selection of the internal audit service should be considered at least every five years.

Scope

- The work of the internal audit service must embrace the whole system of internal control of the College including all its activities and all its locations, funded from whatever source. The internal audit service shall consider the adequacy of systems and controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It shall seek to confirm that management have taken the necessary steps to achieve these objectives.
- The whole system of internal control of the College examined by the internal audit service shall be construed to mean all those systems that secure achievement of the College's entire set of strategic objectives, as expressed in its strategic plan.
- The systems of control subject to the internal audit service's work shall include those systems of control operated by:
 - all College subsidiary or associated companies
 - the College's partners in collaborative provision
 - contractors of the College that provide any service that handles or processes College finances or management information in any form.
- It is not within the remit of the internal audit service to question the appropriateness of policy decisions. However, the internal audit service is required to examine the management arrangements of the College by which such decisions are made, monitored and reviewed.
- The internal audit service may also conduct any special reviews requested by the Board of Governors, Audit Committee or Principal, provided such reviews do not compromise its objectivity, independence or achievement of its plan to audit the whole system of internal control. Such special reviews should be approved by the Board of Governors in advance of their performance, on the advice of the Audit Committee.

Responsibilities

- The person leading the internal audit service is required to give an annual opinion to the Board of Governors, through the Audit Committee, on the adequacy and effectiveness of the College's system of internal control, and the extent to which they can rely on it.
- In order to provide the required statement of assurance, the internal audit service will undertake a programme of work over a cycle authorised by the Board of Governors on the advice of the Audit Committee, to achieve the following objectives:
 - to review and appraise the soundness, adequacy and application of the whole system of internal control
 - to ascertain the extent to which the whole system of internal control ensures compliance with established policies and procedures
 - to 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
 - to ascertain that management information is reliable as a basis for the production of financial, statistical and other returns
 - to ascertain the integrity and reliability of information provided to management including that which is used in decision-making
 - to ascertain that systems of control are laid down and operate to achieve the most economic, efficient and effective use of resources.

Standards and Approach

- The internal audit service's work shall be performed in accordance with the requirements of the ESFA's Post-16 Audit Code of Practice 2022 to 2023 and standards for Public Sector Internal Audit promulgated by HM Treasury. The work shall comply in all material respects with the *Government Internal Audit Manual* and have regard to the auditing guideline *Guidance for Internal Auditors*.
- In achieving its objectives, the internal audit service should:
 - Identify all systems and controls on which management proposes to rely and plan to review them over a cycle
 - evaluate such systems and controls, identify inappropriate or inadequate controls, and recommend improvements in procedures or practices
 - ascertain that systems and controls have been established and are working to achieve the most economic, efficient and effective use of resources
 - draw attention to any apparently uneconomical or otherwise unsatisfactory results flowing from management's decisions, practices or policies
 - liaise with the external auditor.

Independence

- The internal audit service has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. It may provide advice, however, on control and related matters, subject to the need to maintain objectivity, and resource constraints.
- The Audit Committee shall advise the Board of Governors on all matters concerning internal control. Within the College, responsibility for the whole system of internal control rests fully with

management, which should ensure that appropriate and adequate arrangements exist without reliance on the College internal audit service. In order to preserve the objectivity and impartiality of the internal audit service's professional judgement, responsibility for implementing audit recommendations rests with management.

Access

- The internal audit service has rights of access to all the College's personnel, premises, documents, records, information, assets, its companies and collaborative partners, and is authorised to obtain such information and explanations which the internal audit service considers necessary to fulfil its responsibilities.

Reporting

- The head of internal audit has right of direct access to the chair of the Audit Committee and the Principal. He or she should submit an audit needs assessment, a strategic audit plan, an annual audit plan and an annual report to the Board of Governors for approval, following consultation with the Principal and the College senior postholder with responsibility for overseeing the internal audit service and after consideration by the Audit Committee.
- The person leading the internal audit service is accountable to the Principal and the Board of Governors through the Audit Committee for the performance of the service. The internal audit service also reports audit results to the heads of department or services within the College. The person leading the internal audit service shall keep the Principal informed of audit results and draw the attention of the Audit Committee to significant findings or recommendations.
- The internal audit service shall produce its reports, usually within one month of completion of each audit, giving an opinion on the area reviewed and making recommendations where appropriate. Recommendations should be prioritised. All reports should be provided to the Principal and should be copied to the Audit Committee. Heads of departments or services shall be required to respond to each audit report, usually within one month of issue. In their response, they should state, for agreed recommendations, their proposed action, the person responsible for implementation and a date by which action will be completed. Material recommendations will usually be followed up some six to twelve months later. In addition, the Audit Committee shall monitor the implementation of audit recommendations by management.
- The internal audit service's annual report to the Board of Governors should include:
 - a statement of the extent to which the Board of Governors can rely on the whole system of internal control of the College
 - an analysis of common or significant weaknesses arising
 - a comparison of the internal audit service's activity during the year with that planned, placed in the context of internal audit need
 - details of any major audit findings where action appears to be desirable but has not been taken and which thus need to be brought to the attention of the Board of Governors
 - the extent of achievement of any objectives (including targeted performance indicators) which may have been agreed for the internal audit service.

Irregularities, Including Fraud and Corruption

- The College internal audit service should report to the funding body's chief executive, copied to the chief auditor, without delay, serious weaknesses, significant frauds, major accounting and other control breakdowns.

Liaison

- The internal audit service shall liaise with the external auditor to enhance the level of service it provides to the management of the College.

Ownership of Papers

- The internal audit working papers are the property of the College. In the event of a change of internal audit service provider, the outgoing internal audit service provider will surrender all audit working papers which demonstrate compliance with the GIAM standards. Arrangements should be made for the outgoing internal audit provider to meet the incoming internal audit service provider where appropriate.

Termination of Appointment

- The Board of Governors may, by resolution, remove the College's internal audit service before its term of office expires, notwithstanding any agreement between the internal audit service and the College.

ANNEX B: Outline Budget Timetable

- | | |
|-----------|---|
| FEB - MAR | <ul style="list-style-type: none">• Bids with supporting documentation invited from Budget Holders. These should be reviewed and approved by Line Managers before submission to the Executive Finance Director. Affordability of bids will be assessed on aggregation of the total budget. If necessary revised bids may be required dependant on affordability• Draft staffing budgets will be completed• Capital bids to the Executive Finance Director• Funding confirmed by the Funding Agencies |
| APR | <ul style="list-style-type: none">• Pay Budget finalised• Capital Budget bids considered by SLT• Aggregation of budget bids• Draft Budget & Financial Plan prepared• Budget and Financial Plan approved by SLT |
| MAY- JUL | <ul style="list-style-type: none">• Budget and Financial Plan approved by Finance Committee Budget and Financial• Plan approved by Board of Governors 2 Year Financial Plan to ESFA |
| JUL | <ul style="list-style-type: none">• Budget Holders advised of their allocations (provisional for Curriculum budgets subject to student enrolment numbers)• Budget Holders sign-off their allocated budgets |
| SEP | <ul style="list-style-type: none">• Curriculum Budget Holders advised of their final allocations (in light of actual student enrolment numbers) |

ANNEX C: Tendering Procedures and Contract Management

- The College should award contracts for supplies, services or works to the supplier that offers the Most Advantageous Tender). The College shall ensure that value for money is achieved (this will include an assessment of cost, output, deliverability and “social value”²), whilst ensuring that its processes are transparent, equal in treatment of all suppliers and proportionate to the subject matter of the proposed expenditure.
- The College is a public sector organisation and as such, is bound by the specific procurement legislation that governs public expenditure. The primary legislation is the Procurement Act 2023. Budget Holders and those with delegated authority should be mindful of this specific legislation and should seek advice from the Executive Finance Director if in doubt. Failure to adhere to the Procurement Act puts the College at risk of challenge to the award of a relevant contract, which could lead to financial and reputational damage as well as operational risk.
- In addition to obtaining tenders and requests for quotation directly from suppliers in closed or open competition, the College can access public sector frameworks established by purchasing consortia. Such agreements provide a timely and cost-effective route to market but should not be used at the expense of considering what represents the most advantageous tender to the College.
- Budget Holders and those with delegated authority should also be mindful of the requirement to ensure compliance with other College policies, including those related to Social Value, Sustainable Procurement, Equality/Diversity, and Health & Safety.

Up to £4,999

- A minimum of one written quotation shall be obtained. The Budget Holder and those with delegated authority shall have the discretion to decide whether to obtain further quotations, but value for money must always be paramount.

From £5,000 to £49,999

- A minimum of three written quotations shall be obtained. The Budget Holder and those with delegated authority shall be required to draw up a specification for the requirement, against which quotations shall be obtained.
- From £50,000 to £214,904 (supplies/services) or £663,540 (Light Touch Regime) or £5,372,609 (works)
- A minimum of three tenders in writing shall be obtained. The Budget Holder and those with delegated authority shall be required to draw up a specification for the requirement for inclusion in a competitive tender process. Evidence of most advantageous tender must be demonstrated, and the tender process must be managed by the Executive Finance Director.

² Refer to the College’s Social Value Policy

Exceeding the relevant Threshold £214,904 (supplies/services) or £663,540 (Light Touch Regime) or £5,372,609 (works)

- The Budget Holder and any person with delegated authority is legally obliged to ensure that any such requirement is competitively tendered in accordance with the Procurement Act. Evidence of most advantageous tender must be demonstrated, and the tender process must be managed by the Executive Finance Director to ensure compliance with relevant procurement legislation. Budget Holders and those with delegated authority must ensure that adequate time is allowed to follow a compliant process which meets these requirements and shall allow a minimum period of four months for preparation, tendering and award of contracts of this value or greater.

Exceeding £5,000,000 (additional for all contracts)

- The Budget Holder and those with delegated authority shall ensure that any contract of this value or greater includes a minimum of three Key Performance Indicators (KPIs) which define performance measures specific to the contract requirements and which shall be capable of being regularly monitored by the Contract Manager.

Frameworks

- Frameworks arranged by various external purchasing consortia provide an accelerated route to market for many generic requirements. The College is a member of the Crescent Purchasing Consortium (CPC) but framework agreements established by other consortia can be considered.
- The Budget Holder and those with delegated authority shall ensure that any public sector framework accessed for the purpose of awarding a contract must include the College as a class of organisation envisaged by that Consortium when establishing the framework. Competition shall be established between suppliers appointed to a framework agreement, by means of mini competition to obtain tender submissions.
- Where a framework permits direct award to an appointed supplier and this is the College's preferred option in the specific circumstances of an individual contract award, the Budget Holder and those with delegated authority shall keep a record of the decision made for such direct award that demonstrates compliance with the framework's direct award mechanism.

Electronic Tendering

- All Invitations to Tender for contracts exceeding the relevant Threshold for compliance with the Procurement Act must be issued and received via an electronic procurement system. This is a mandatory requirement. The Executive Finance Director, in conjunction with Budget Holders and those with delegated authority, shall ensure that any Invitation to Tender complies with this requirement by using [name of eSender system, i.e., MultiQuote], the electronic tendering portal employed by the College.
- Electronic tendering is an efficient and secure way to view, upload and share documents in a timely manner amongst bidders, ensuring the basic principles of transparency and equal treatment are evidenced. Any communication between the College and suppliers invited to tender shall be undertaken via this electronic tendering portal. This will ensure that all tendering suppliers have

access to the same information and that the process of such communication is transparent for audit purposes.

- The Executive Finance Director shall be responsible for registering the College on the UK Government's Central Digital Platform, Find a Tender Service (<https://www.find-tender.service.gov.uk/>), and for maintaining that registration and access to this platform. Where the College is unable to use an electronic procurement system for tendering, the Executive Finance Director shall be responsible for the publication of required notices on the Find a Tender Service.

Awarding Contracts

- The award of Contracts shall be the responsibility of the Principal, who shall award them within guidelines identified by the Board of Governors and shall delegate authority accordingly.
- As a minimum, any contract not exceeding [£5,000] in value shall be based on the terms and conditions attached to the purchase order issued by the College finance system.
- Any Contract of £5,000 or greater shall be entered into and based on terms and conditions approved by the College. Approval of the terms and conditions of contract will be the responsibility of the Executive Director of Finance who may seek advice from the College's legal advisors.

Contract Management

- All contracts awarded by the College shall have a named Contract Manager. Where no Contract Manager is named, the Budget Holder or person with delegated authority will be responsible for the management of the contract.
- Contract Managers will be responsible for reviewing, monitoring, and evaluating College contracts to ensure that their provisions are being followed and are being properly undertaken by the appointed suppliers.
- During the term of any contract, the Contract Manager shall monitor the contract in respect to the following:
 - performance (including against agreed Key Performance Indicators, where applicable); and
 - compliance with the specification and Contract terms and conditions; and
 - cost and payment; and
 - risk management.
- Where a contract is to be retendered as an ongoing requirement, relevant information from the contract should be available in sufficient time to properly inform the retendering process.
- For any contract with a value exceeding £5million, the College is obliged to publish information on the Find a Tender Service on an annual basis during the life of the contract. This publication shall detail performance of the supplier against a minimum of three KPIs set out in the contract. Publication of this information shall be the responsibility of the Executive Finance Director based on information that shall be provided by the Contract Manager.

Contract Modifications

- Contracts awarded by the College may be modified without recourse to a new Contract Award in certain circumstances as set out in the Procurement Act.
- Prior to modification, Contract Managers should seek advice from the Executive Finance Director if there is a proposal to modify (either by increase or decrease in value) an existing Contract by a sum greater than 10% of the existing Contract value at the point of modification (for example to increase/decrease the quantity of Supplies or extend/reduce the scope of Services).
- The Executive Finance Director shall be responsible for the publication of commensurate contract modification notices on the Find a Tender Service, based on information that shall be provided by the Contract Manager.

Contract Termination

- On termination of any awarded contract with a value exceeding the relevant Threshold, the College is required to publish a Termination Notice on the Find a Tender Service. The Executive Finance Director shall be responsible for such publication, based on information that shall be provided by the Contract Manager.
- Termination includes the natural conclusion of an awarded contract at the end of its term.

Evidencing Contracts

- Budget Holders and those with delegated authority are responsible for ensuring that any Contract with a value exceeding £4,999 is evidenced in writing. An electronic copy of all such Contracts shall be sent by email to the Executive Finance Director immediately upon award. No purchase order shall be raised against such a requirement until a signed or evidenced Contract is submitted.
- The Executive Finance Director shall be responsible for ensuring that the College formally publishes relevant Contract Award Notices on the Find a Tender Service for any Contract with a value exceeding the relevant Threshold.
- A Register of the College Contracts shall be maintained and updated with full details of any Contract with a value of £4,999 or greater, awarded by the College. This should clearly highlight the start and end date, with any extensions and the Contract value. The Executive Finance Director shall be responsible for maintaining this Contracts Register.

ANNEX D: Guidance for the FE sector in England to help them meet ‘Managing Public Money’ requirements, and other obligations resulting from reclassification

- HM Treasury’s “Managing Public Money” document is [here](#)
- “Bite-size” guidance on the new controls introduced in November 2022 can be found [here](#):
 - [Senior Pay Controls](#)
 - [Requirements for Write-Offs and Losses](#)
 - [Requirements for Special Payments \(including severance, compensation and ex-gratia payments\)](#)
 - [Requirements for Indemnities, Guarantees and Letters of Comfort](#)
 - [College requirements for novel, contentious and repercussive transactions](#)
 - [Requirements regarding Asset Disposals](#)