



## FINANCIAL REGULATIONS

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## **1. Introduction**

- 1.1 South Essex College of Further & Higher Education Corporation was created under the provisions of the Further and Higher Education Act 1992, as amended by the Education Act 2011.
- 1.2 Its structure of governance is laid down in the Instrument and Articles of government, supplemented by the College's Scheme of Delegation and Standing Orders, last updated in March 2021. The College is accountable through its governing body, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.3 The College is an exempt charity by virtue of the Further and Higher Education Act 1992 and the Charities Act 1993 as amended by the Charities Act 2006. This means that the College has the privileges of charitable status (including exemption from Income and Corporation Tax on most of its activities) without being required to register with or submit accounts to the Charities Commission. Therefore, the College has no charity number.
- 1.4 Following reclassification of Colleges into the public sector the College operates from the 1<sup>st</sup> August 2024 in line with the Colleges Financial Planning Handbook (CFPH).
- 1.5 The financial contracts between the Funding Bodies and the College set out the terms and conditions on which grants are made. The governing body is responsible for ensuring that conditions of grant are met. As part of this process, the College must adhere to the Funding Bodies' Joint Audit Code of Practice, which requires it to have sound systems of financial and management control. These financial regulations form part of this overall system of accountability.

## **2. Status of the Financial Regulations**

- 2.1 This document sets out the College's financial regulations. It translates into practical guidance the College's broad policies relating to financial control and administration. It applies to the College and any subsidiary undertakings that may from time to time exist.
- 2.2 These financial regulations are subordinate to the College's Instrument and Articles of government and to any restrictions contained within the financial memorandums with the regulatory bodies, and the funding bodies Joint Audit Code of Practice.
- 2.3 The purpose of these financial regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's strategic plan and business objectives. The underlying financial objectives include:-
  - maintaining financial viability,
  - achieving value for money,
  - fulfilling its responsibility for the provision of effective financial controls over the use of managing public money,
  - ensuring that the College complies with all relevant legislation and
  - safeguarding the assets of the College and ensuring its solvency.
- 2.4 Compliance with the financial regulations is compulsory for all staff and governing body members connected with the College. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the College's disciplinary policy. Any such breach will be notified to the governing body through the

Audit & Risk Committee (ARC). It is the responsibility of the Executive Board Members to ensure that their staff are made aware of the existence and content of the College's financial regulations.

- 2.5 The Corporation Board is responsible for maintaining a continuous review of the financial regulations through the Group Chief Financial Officer (CFO) and advising the governing body of any additions or changes necessary.
- 2.6 In exceptional circumstances, the Corporation Board may authorise a departure from the detailed provisions contained herein, such departure to be reported to the governing body at the earliest opportunity.
- 2.7 The College's detailed financial procedures set out precisely how these regulations will be implemented and are contained in separate policy documents, which are available to all staff.
- 2.8 These regulations are additional to United Kingdom legislation, orders and directives.
- 2.9 The financial regulations are an integral part of the College's risk management framework. Other important documents to be read alongside these financial regulations include the Financial Memorandums, the Joint Audit Code of Practice and the College Risk Management Policy.

### **3. Financial Responsibilities**

- 3.1 The governing body is responsible for the overall financial management of the College. It may, however, delegate such powers as it considers appropriate to an authorised sub-committees set up within the terms of the Instruments and Articles of Government, or to the Group Chief Executive (CEO).

The governing body's financial responsibilities are to:-

- ensure the solvency of the College and the safeguarding of the College's assets,
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the CEO and other senior post-holders,
- set a framework for pay and conditions of service of all other staff,
- ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the College are appropriate and sufficient to safeguard public funds,
- approve the appointment of external auditors and an internal audit service,
- secure the efficient, economical and effective management of all the College's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the College 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,

- ensure that financial plans are prepared and monitored, satisfying itself that the College remains financially sustainable,
- take a longer-term view of the College's financial plans, consistent with the requirement to submit budget and forecast information to the ESFA in accordance with the CFPH,
- set and regularly review the College policy for holding reserves,
- ensure appropriate action is being taken to maintain financial viability, including addressing variances between the budget and actual income and expenditure. <sup>i</sup>
- Liaise with the Department for Education if signs of financial difficulty emerge, either as an immediate issue or anticipated risk, <sup>ii</sup>
- determine tuition fees,
- ensure that HE funding is used for the activities eligible for funding under section 65(2)(c) of the Further and Higher Education Act 1992 and that a clear audit trail exists for such use of funds
- ensure that any HE funds that have been earmarked or provided for a specific purpose are used solely for the purpose for which those funds were earmarked or provided and that a clear audit trail exists for such use of funds
- ensure that all use of HE funds to fund resources and services that also directly benefit FE students or staff can be apportioned to HE and FE accordingly and that FE makes a proportionate contribution to the purchase, supply and upkeep of such shared resources and services
- ensure that HE programmes which are of strategic and operational significance to the FE part of the College and that continue to operate at a deficit and/or are discounted for staff are subsidised accordingly from FE funds.
- ensure that the College complies with the funding body's Joint Audit Code of Practice, and
- approve the College's financial plan, strategic plan and financial statements.

3.2 The Terms of Reference for the governing body and sub-committees define their respective financial responsibilities.

3.3 The CEO is the College's designated Accounting officer and is responsible for ensuring the financial administration of the College's affairs in accordance with the financial contracts. As the designated Accounting officer, the CEO may be required to justify any of the College's financial matters to the Public Accounts Committee at the House of Commons (or equivalent bodies in Scotland and Wales). In particular, the CEO is charged with responsibility for:

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

- demonstrating their oversight of financial matters by signing the balance sheet and the statement of corporate governance and internal control within the annual financial statements, and the declaration within the three-year financial forecast.
- Completing and signing a statement of regularity, propriety and compliance each year and submit to the ESFA with the College's audited annual report and accounts, as set out in the College accounts direction.
- assuring the board that there is compliance with the accountability agreement and this handbook,<sup>iii</sup>
- formally advising board members in writing if action the board is considering is incompatible with the Instrument and Articles of government , accountability agreement or the Managing Public Money handbook. Where the board is nevertheless minded to proceed, the accounting officer must consider the board's reasons as provided in writing. If the accounting officer is required to implement the board's decision, but still considers the action proposed by the board is in breach of the Instrument and Articles of government, the accountability agreement or the Managing Public Money handbook, the accounting officer must notify ESFA's accounting officer as soon as practical in writing.

The CEO may delegate their function under these regulations to another holder of a senior post, for operational reasons, where required in cases of absence. Such delegation will be notified in writing to the Chair of the governing body and to the CFO or the post holder who is fulfilling those functions.

3.4 Financial administration is controlled by the CEO supported by the CFO. The CFO and their staff must be appropriately qualified or experienced. The CFO is responsible to the CEO for:

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

3.5 Executive Board Members and budget holders are responsible to the CEO for financial management for the areas or activities they control. They are advised by the CFO in executing their financial duties. The CFO will also supervise and approve the financial systems operating within their departments including the form in which accounts and financial records are kept.

3.6 College Principals are responsible for establishing and maintaining clear lines of responsibility within their departments for all financial matters. Where resources are devolved to budget holders (Heads of Schools, College Principals, Heads of Support Services or other managers) those budget holders are accountable to their line manager for their budget.

3.7 Executive Board Members and budget holders shall provide the CFO with such information as may be required to enable:

- preparation of the College's financial statements
- preparation of the annual budget and in-year forecast outturns
- implementation of financial planning
- implementation of audit and financial reviews, projects and value for money studies

3.8 All members of staff should be aware and have a general responsibility for the security of the College's property, for avoiding loss and for due economy in the use of resources. A member of staff is an individual who is working under a contract of service whether substantive, fractional or fixed term with the College

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

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

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

They shall immediately notify the CEO and CFO whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, or property of the College. The CEO shall take such steps as necessary by way of investigation and report to the ARC.

3.9 The CFO is responsible for reviewing the financial regulations and for presenting a revised version to the Corporation on an annual basis.

Authority to implement administrative changes to the financial regulations (such as changes to post titles for responsible staff) is delegated to the CEO and CFO

Substantive changes (such as delegated authority levels) require the approval of the governing body.

3.10 The CFO is also responsible for ensuring that the financial information requirements of the regulators and the banks are met. Any failure to meet these deadlines is reported to the CEO, together with an explanation for the delay.

#### **4. Novel, contentious and repercussive transactions**

4.1 Novel, contentious and repercussive transactions must always be referred to the DfE for approval, and the request must be made to the DfE before the transaction occurs.

The DfE may refer such transactions to HM Treasury for approval, so Colleges should allow sufficient time for proposals to be considered.

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

## **5. Strategic Planning**

- 5.1 The CFO 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 ESFA. Financial plans should be consistent with the strategic plans and property strategy approved by the governing body.
- 5.2 On occasions, more regular updates of the plan will be required to support capital funding applications. It may also be necessary to extend the plan to five or more years.

## **6. Budgeting**

- 6.1 The CEO in consultation with the CFO is responsible to the governing body for preparing the annual income and expenditure and capital expenditure budget.

The annual budget shall be considered and approved by the governing body prior to 31<sup>st</sup> July each year for the following financial year.

The College must submit its budget forecast to ESFA, in a form and manner specified by ESFA in the CFPH and in accordance with deadlines published annually. This is necessary for ESFA to be able to formally assess the financial health of individual Colleges, and of the sector as a whole.

The governing body shall not delegate the approval of the annual budget and will approve the budget by resolution.

- 6.2 The CEO and CFO are empowered to designate members of staff as Budget Holders. Budget Holders shall be responsible for the control and monitoring of expenditure within budgets allocated to them.
- 6.3 The CEO shall be accountable to the governing body for effective budgetary control within the approved revenue and capital budgets.
- 6.4 Budget Holders shall submit such information to the CFO or their nominee as is necessary to enable annual estimates of revenue income and expenditure and capital expenditure to be submitted by the CEO to the governing body for their approval.
- 6.5 Pay budgets for teaching departments will be calculated and agreed by the CEO, the CFO and the College Principal based on an estimate of course enrolments and required teaching hours. This budget will be reviewed following actual enrolment and appropriate adjustments then made to the original budget to reflect any course changes.
- 6.6 The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants or capitalised



for inclusion in the College's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the governing body.

- 6.7 All capital projects should be detailed separately in the annual capital budget. However, the capital budget may include general provisions for projects or items not specified at the time of the budget approval.
- 6.8 The CFO will also establish procedures for the approval of variations, including the notification of large variations to the regulator, as laid down in the Financial Memorandum and other guidelines.
- 6.9 Following completion of a capital building project over £1 million, or a capital building project where the final cost exceeds the authorised budget by more than 5% a post-project evaluation or final report should be submitted to the governing body including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the regulator as laid down in their guidelines.
- 6.10 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. The Budget Holder will be assisted in this duty by management information provided by the CFO. Budget holders are responsible for establishing and maintaining clear lines of responsibility within their areas for all financial matters.
- 6.11 Budget holders may be granted permission to transfer (vire) monies between cost centres within the same department. Authority for this should be obtained in advance from the CFO. Virement limits are set out in Appendix A to the regulations.
- 6.12 Budget holders are accountable for their budgets and must under no circumstances exceed the total budget allocated to them. Any budget holder who fails to comply with this may be subject to disciplinary action under the College's disciplinary policy.
- 6.13 Any potential departures from agreed budgetary targets must be reported immediately to the CFO by the Budget Holders concerned and, if necessary, corrective action taken.
- 6.14 The CEO, or CFO, may authorise transfers between income and expenditure cost centres and capital projects provided that:
  - (a) the budget underlying operating surplus will not be reduced during the then current financial year,
  - (b) there will be no additional financial commitment, as a result, in subsequent financial years,
  - (c) the amount transferred is less than 5% of the College's overall budgeted expenditure for the year,
  - (d) virements of capital projects will be limited as specified in Appendix A of these regulations.

Transfers greater than 5% of the College's overall budgeted expenditure for the year require the authorisation of the governing body.

- 6.15 Any increase in budgeted expenditure will be authorised as specified in Appendix A of these regulations. In urgent cases the Chair of the governing body and the CEO jointly have power to act on behalf of the governing body. Such action will be reported to the governing body at the earliest opportunity.

## **7. Financial Information**

### **7.1 Annual Financial Statements**

- 7.1.1 A Statement of Accounts is to be prepared in accordance with the requirements of the statement of recommended practice (SORP) for the sector, the ESFA College accounts direction and OfS regulatory framework including the OfS accounts direction.
- 7.1.2 The accounting period of the College ends on the 31 July.
- 7.1.3 The accounts must be audited in line with the requirements of the post-16 audit code of practice.
- 7.1.4 The Accounts are to be prepared and reported to a governing body meeting within five months of the year-end date. The audited reports and accounts must be;
- submitted to ESFA by 31 December,
  - published on the College's website as soon as possible after the accounts are signed and no later than 31 January, and
  - provided to anyone who requests a copy
- 7.1.5. Any significant adjustments, found as a result of the external auditor's work, are to be reported to the ARC.

### **7.2 Management Accounts**

- 7.2.1 Management accounts are to be prepared on a monthly basis by the CFO.
- 7.2.2 Detailed management accounts must be distributed to the Executive Board Members, with the latest accounts provided to the governing body at each meeting
- 7.2.3 A forecast outturn will be undertaken at the three-month, six month and nine-month points of the financial year. The results of which will be reported to the governing body. Publication of the management accounts may be delayed in these months to allow time for the forecast to be completed.
- 7.2.4 An annual statement comparing the actual financial results with the forecast outturn will be presented to the governing body.
- 7.2.5 Budget Holders can view a monthly summary of their cost centre(s), together with detailed reports on request, breaking the totals down into the individual transactions.

## **8. College Financial Operations**

### **8.1 Income**

- 8.1.1 The CFO is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use must have the approval of the CFO.

- 8.1.2 Budget Holders shall furnish such particulars of charges for work done, goods supplied, or services rendered on behalf of the College and all amounts accruing due, as the CFO may require in order to ensure that there is prompt recording of all sums receivable by the College.
- 8.1.3 Monies due shall be requested on College invoices issued by the Finance Department. Other staff or officers are not permitted to deal directly with this matter unless agreed by the CFO.
- 8.1.4 Appropriate debt recovery procedures shall be determined by the CFO. The CFO will submit details of any write-off of any individual bad debts in excess of £45,000 that may be required to the governing body for authorisation. Individual debts below this level may be written off in accordance with the limits specified in Appendix D to these regulations. DFE approval will be required if the write-off exceeds 1% of annual income or £45k individually (whichever is smaller) or if the write off takes the Colleges cumulative total write-offs for the academic year beyond 5% of its annual income of £250k (whichever is the smaller).
- 8.1.5 Budget holders are responsible for ensuring that the arrangements for monies received including banking and security comply with the procedures issued by the College.
- 8.1.6 Every sundry remittance or sum of money, in excess of £5, received by an officer of the College must be acknowledged by the issue of an official receipt. The Finance Department shall issue official receipt books on request. Cheque payments must be supported by cheque cards and the card number noted.
- 8.1.7 The College can receive payments by debit or credit card over the telephone or cash office counter using merchant terminals provided by the College's banker. These terminals support primary account number (PAN) truncations where the card number is partially obscured on the customer receipt. A copy of the receipt should be retained to support evidence of payment. In operating this facility, the College is bound to the Payment Card Industry Data Security Standard (PCI DSS), which is designed to ensure cardholder information is stored, processed and transmitted securely. The CEO is responsible for ensuring the College maintains PC1 DSS compliance, which is monitored by the banks' merchant services unit.
- 8.1.8 The College offers an online payment facility to students for secure payments of tuition fees/other costs associated with their studies and to the general public for some other types of services. Access is via a secure login through the College portal or approved in-house website. Once successful payment has been made, a receipt will be generated electronically to the email address specified when lodging the cardholder details. The receipt should be retained to support evidence of payment. In operating this facility the College is subject to continuous risk assessment and annual review by the external service provider
- 8.1.9 All tuition fees, charges, rents and lettings shall be reviewed annually in consultation with the CFO and recommendations relating thereto shall be incorporated in the proposed annual budget presented to the governing body.
- 8.1.10 The procedures for collecting tuition fees must be approved by the CFO who is responsible for ensuring that all student fees due to the College are received.
- 8.1.11 Any student who has not paid an account for fees owing to the College may be withdrawn from the College and prevented from re- enrolling at the College and from using any of the College's facilities unless appropriate arrangements are agreed for the payment of outstanding fees.

8.1.12 Disbursement from the Learner Support Fund is the responsibility of the relevant Director within the framework agreed by the CFO and the manager/s responsible for the allocation of payments to students. The CFO must ensure that appropriate controls are in place for the control, accounting and disbursements of these funds, and for the submission of such reports required by the Funding Body.

8.1.13 Any requests for Credit Notes to be raised will be authorised in line with the Colleges Credit Notes Authorisation Procedure.

## 8.2 Expenditure

8.2.1 All procurement from October 2024 will be made in line with The Procurement Act 2023.

8.2.2 Official orders shall be issued for all works, goods and services except for such items as recurring charges for public utilities, periodic payments, credit card purchases, petty cash purchases and any other exceptions approved by the CFO.

8.2.3 Where expenditure is approved by the governing body and minuted accordingly, authority to raise appropriate purchase orders is automatically delegated to the CEO and CFO.

8.2.4 Purchase Orders and invoices may be authorised by the CEO or CFO without further reference to the governing body.

8.2.5 Official orders shall not be raised for any personal or private purchases, nor shall personal or private use be made of College contracts.

8.2.6 Wherever possible orders should be raised through an approved supplier or through one of the approved procurement consortia once in place.

8.2.7 No employee shall engage any supplier of goods or services in which they have a pecuniary, family, or other interest, direct or indirect without first seeking the prior written approval of the CEO or CFO. A duly completed Value for Money Form must be provided to the CFO in all such cases.

8.2.8 Any employee of the College who has any pecuniary, family or other interest, direct or indirect, in any supplier of goods or services to the College, shall be responsible for making a declaration of the interest to the CEO.

8.2.9 Official orders must be authorised on-line by budget holders as appropriate. The HFS shall maintain a register of authorised Budget Holders and cost centre codes as appropriate.

8.2.10 Directors with responsibility for capital projects are responsible for ensuring that the appropriate approvals and funds are in place (including where necessary the ESFA) before commitment is made. This should be in consultation with the CFO.

8.2.11 The placing of orders by telephone is generally prohibited. However, in an emergency, subject to the approval of the CFO, orders may be given orally or by other means provided an official order number is quoted to the supplier and the order is confirmed by use of the on-line system on the same or following working day.

8.2.12 Each order must clearly indicate the nature and quantity of the supplies or services required, the estimated price including VAT and any agreed discounts and other relevant details.

- 8.2.13 All contracts or orders entered into on behalf of the College must be signed by an authorised signatory and authorised as specified in Appendix A of these regulations. This can be done electronically using the on-line purchase order system.
- 8.2.14 The CFO will submit an annual report to the Governing body showing all suppliers where total payments in the preceding financial year have exceeded £250,000.
- 8.2.15 Any combination of items which form a scheme or project must be treated as an individual contract or order for authorisation purposes. Where there is any doubt as to whether any combination of items constitutes a scheme or project, then the direction of the CFO or the CEO must be sought.
- 8.2.16 Goods and services purchased by the College should be obtained expeditiously and economically. Budget holders shall ensure that purchases are made at the most favourable rate by obtaining estimates on the basis that the acceptance of any estimate other than the lowest is permitted only where better value for money is offered by a competing product or service.
- 8.2.17 The operation and control of the College's purchasing cards are the responsibility of the CFO. There will be appropriate oversight of the distribution of such cards and the associated credit limits.
- 8.2.18 Holders of cards must use them only for the purpose for which they have been issued and within the authorised purchase limits. Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action.
- 8.2.19 Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the cost. The CFO shall determine what information is required on purchases made with cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained. There should be appropriate segregation of duties, with those reviewing and reconciling cards not holding and using those cards.
- 8.2.20 Details of the operation of the scheme are set out in the financial procedures

8.2.21 The procedures and financial limits for obtaining estimates shall be as stated below.  
The value thresholds referred to throughout the financial regulations are inclusive of VAT:

For Supplies of Goods and Services	
Value of Purchase	Requirements
Up to £10,000	<p>The budget holder at Executive Board Member level shall use good sense as to the need to obtain competitive quotes from suppliers.</p> <p>Orders up to £5k will be checked by the Head of Transactional Services</p> <p>Orders up to £10k by the Head of Financial Services.</p>
From £10,000 up to £100,000	<p>Unless agreed by the CEO or CFO, Three written quotations are required</p> <p>At least one of which should be obtained using the Colleges Procurement Framework once available</p> <p>These quotations must be retained by the Budget Holder and attached to the order.</p>
Over £100,000 up to Public Contracts Regulations 2015 Rules Limit *	<p>Three written quotations are required and, in all cases, must be approved by the CEO or CFO.</p> <p><i>* Currently £189,330 except for education and training services when it is £663,540</i></p>

  

For Works	
Value of Purchase	Requirements
Up to £10,000	<p>The budget holder at Executive Board Member level shall use good sense as to the need to obtain competitive quotes from suppliers.</p> <p>Orders up to £5k will be checked by the Head of Transactional Services</p> <p>Orders up to £10k by the Head of Financial Services.</p>
From £10,000 up to £100,000	<p>Three written quotations are required unless agreed by the CEO or CFO.</p> <p>At least one of which should be obtained using the College Procurement Framework once available.</p> <p>These quotations must be retained by the Budget Holder and attached to the purchase order.</p>
£100,001 to £4,733,252	<p>A minimum of three competitive tenders shall be obtained unless the governing body approves that the invitation of tenders be waived.</p> <p>(The tendering procedures are outlined at Appendix C.)</p>
Over £4,733,252	<p>Public Contracts Regulations 2015 Rules apply. (Advice should be sought from the CFO or CFO).</p>

- 8.2.22 When applying the above limits, the "value of purchase order" for those orders which relate to the continuous supply of goods or services over several years will be the total value over the period of supply.
- 8.2.23 Where there are goods or services with a single supplier or normal best value practice cannot be followed, a derogation form should be completed to explain the circumstances. This will need to be agreed by the CFO for purchases up to £10,000. Expenditure above this needs the form agreed by the CFO or CEO.
- 8.2.24 For some categories of purchases (e.g. Software licences) where there is only one supplier a derogation form maybe approved for a number of similar purchases on a single form.
- 8.2.25 Purchases from an approved supplier where there is a contract already approved that has previously been through a value for money process do not require a derogation form for each purchase under the contract.
- 8.2.26 Orders or purchases must not be broken down into a series of smaller transactions in order to stay below an authority limit.
- 8.2.27 The CFO shall be responsible for the arrangements for the examination, verification and certification of invoices for payment and for the allocation of expenditure to the relevant budget.
- 8.2.28 All invoices shall be authorised on-line by the relevant Budget Holder.
- 8.2.29 All invoices in respect of capital building projects shall be authorised by the College project manager or the CFO.
- 8.2.30 The CFO will be responsible for the payment of all invoices. Payments will not be made against documents other than invoices. Payment will only be made against invoices as follows:
- (a) Subject to paragraph 8.2.8, invoices for which an official order has been raised and the invoice does not exceed the order value.
  - (b) Invoices which have been certified for payment by the appropriate Budget Holder. By certifying an invoice for payment, the Budget Holder is stating:
    - (i) that the goods or services have been received;
    - (ii) that the goods comply with the details on the College's order;
    - (iii) that the goods are of acceptable quality;
    - (iv) that the invoice details (quantity, price, discount) are correct;
    - (v) that the invoice is arithmetically correct;
    - (vi) that the invoice has not previously been passed for payment (i.e. that it is not a duplicate request for payment);
  - (c) Invoices which quote the appropriate cost centre and account code.

8.2.31 The CFO will be responsible for ensuring that adequate controls are in place for electronic payments (BACS, CHAPS), for credit cards and that cheques are stored securely and for maintaining a register of used and unused cheques.

### 8.3 Late Payment of Debts (Interest) Act 1998

8.3.1 The Late Payment of Debts (Interest) Act 1998 (as amended in 2002) was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:

- small businesses can charge interest on overdue invoices.
- interest is chargeable on sales made after 1 November 1998.
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of England
- the Act also applies to overseas organisations,
- the College can be sued for non-payment

8.3.2 In view of the penalties in this Act, the governing body requires that invoices must be passed to the Finance Department for payment as soon as they are received.

### 8.4 Salaries, Wages and Severance Payments.

8.4.1 The CEO shall be responsible for the appointment of all staff other than all senior post holders who will be appointed by the governing body.

8.4.2 DfE approval must be sought for new appointments with proposed remuneration at or above £150,000, or the pro rata equivalent for part-time staff or performance-related pay above £17,500. Approval is required before the post is advertised.

8.4.3 For existing staff, DfE approval must be sought in relation to any adjustment of total remuneration or terms and conditions which takes an individual to, or above, the defined threshold.

8.4.4 The Executive Director, People and Organisational Development (EDP) shall be responsible for the maintenance of all personnel records and for the provision of relevant information to enable all salaries, wages, pensions and other emoluments to be paid.

8.4.5 The preparation of payrolls and the payment of salaries, wages and other emoluments to employees of the College shall be undertaken in accordance with arrangements approved by the CFO. All remuneration payments must be made through the College payroll unless an alternative arrangement has been agreed in writing with the CEO.

8.4.6 All advances and loans will be authorised by the CFO who will agree the deductions from the employee's pay. These will only be approved in exceptional circumstances and written consent for these deductions will be obtained from the employee before payment of any advance or loan.



8.4.7 The CFO is responsible for day to day pension administration including:

- (i) paying of contributions to authorised pension schemes; and
- (ii) preparing the annual returns to the pension scheme.

8.4.8 Time records or other pay documents shall be in a form agreed by the CFO and shall be certified by the appropriate line manager and Budget Holder.

8.4.9 All College employees shall be paid according to the salary scales approved by the governing body. This includes the use of spot salaries as required. The governing body is responsible for the authorisation of any annual pay award which will result in a change to the salary scales.

8.4.10 Where remuneration already exceeds £150,000, DfE approval is required for any pay award above 9%, through the Senior Pay Controls application process, before the pay increase is confirmed.

8.4.11 Where current remuneration is below £150,000, approval is required when a pay award of over 9% takes it to or above that figure.

8.4.12 Approval is not required if a pay increase of up to and including 9% takes the remuneration above £150,000.

8.4.13 Staff recruitment must be undertaken in accordance with the Policies and Procedures for Recruitment, Selection and Appointment in force when such recruitment takes place.

8.4.14 All offers and letters of appointment, employment contracts, or variations in conditions of service must be issued by the CEO, EDP or an approved HR representative. The EDP will ensure that there are satisfactory arrangements in place to notify the Payroll Manager of all commencements, variations and terminations.

8.4.15 The engagement of hourly paid and third-party workers must only be undertaken in line with the agreed College procedure.

8.4.16 Severance payments shall only be made in accordance with the relevant legislation. 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 CEO and calculations checked by the EDP or CFO. Any individual amounts in excess of £30k require approval by the governing body.

In exceptional circumstances, this approval may be given by the Chair of the governing body in consultation with the CEO, to be reported to the next meeting of the governing body.

Colleges should demonstrate value for money by applying the same scrutiny to a payment under £50k (or under 3 months' salary) as those over these limits and have a justified business case.

Settlements **must** not be accepted unless they satisfy the conditions in the Colleges financial handbook.

DfE approval will be required before making any binding offer to staff where the

College is considering a staff severance payment including a non-statutory or non-contractual element of £50k or more (gross, before income tax or other deductions), or when the proposed special staff severance payment is equivalent to 3 months' salary or more (gross, before income tax or other deductions).

DFE approval will also be required before making a special staff severance payment where:

- an exit package which includes a special severance payment is at, or above, £100,000; or
- the employee earns over £150,000

8.4.17 All matters referred to a formal employment tribunal shall be notified to governing body at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

## 8.5 Expenses

8.5.1 Claims for expenses incurred by staff and governors of the College in carrying out official duties, shall be paid in accordance with the Expenses Policy in force when the expenses are incurred. All expense claims must be submitted on-line using the Business World (BW) system.

8.5.2 Expense claims shall be authorised by the relevant line manager within BW. No employee may authorise his/her own expenses.

8.5.3 The expense claims of the CEO must be authorised by CFO or Chair before payment is made. Such expense claims must all be retrospectively authorised by the Chair of Governors on an annual basis if authorised by the CFO.

8.5.4 Expense claims submitted by governors must be authorised by the CEO on the delegated authority of the Chair.

8.5.5 Further details on the arrangements for claiming expenses are included in the College's Expenses Policy.

8.5.6 The Head of Transactional Finance will carry out a periodic check on a random sample basis of expense claims and a 100% of all claims over £500.

## 8.6 Overseas Travel

8.6.1 Every proposed overseas visit costing £10,000 or more requires the approval of the governing body prior to the visit (and prior to any costs associated with the visit being committed). The governing body will be asked to approve the purpose of the visit and the estimated cost.

8.6.2 The College will not meet any cost relating to the spouse/partner of an employee who accompanies the employee on a business trip.

8.6.3 Further information on overseas travel is included in the College's Expenses Policy.

## 8.7 Banking and Petty Cash

- 8.7.1 The governing body is responsible for the appointment of the College's bankers for the day to day banking services upon the recommendation of the CFO. The appointment may be for a specified period after which consideration shall be given by the governing body to competitively tendering the service.
- 8.7.2 The CFO is permitted to make banking arrangements and open bank accounts for treasury management purposes, provided that such accounts comply with the Treasury Management policy in force at the time when the account is opened.
- 8.7.3 All arrangements with the College's bankers concerning the bank accounts and the control and issue of cheques, shall be made by the CFO. No other College bank accounts shall be permitted.
- 8.7.4 All cheques drawn on behalf of the College shall be signed in accordance with Appendix B of the regulations. Any changes in authorised signatories shall be approved by the CEO and notified to the governing body at the first available opportunity.
- 8.7.5 Petty cash floats shall be operated in accordance with the floats procedures approved by the CFO. Petty cash holders shall be responsible for the safe custody of the float.
- 8.7.6 All payments from petty cash, which shall not exceed £50 (unless approved by the CFO or nominee), must be supported by appropriate vouchers and records which shall be available for inspection at any time. Payments must not be broken down into a smaller series of transactions where the intention is to stay below the £50 threshold as to do so would be a deliberate and serious breach of these regulations, which will result in disciplinary action under the Disciplinary Policy.
- 8.7.7 The CFO will be responsible for ensuring that all cash is handled in line with the Colleges Cash Handling Procedure and that appropriate levels of checks and balances are in place to safeguard against any loss to the College.
- 8.7.8 The CFO is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

## 8.8 Assets and Property

- 8.8.1 Budget Holders shall be responsible for the care and custody of all College assets within their area.
- 8.8.2 The disposal of fixed assets or surplus materials shall be authorised as specified in Appendix A of these regulations. Except when the College transfers any assets to another charity with the same or similar purposes, it must achieve the best price that can reasonably be obtained, while maintaining the principles of regularity, propriety and value for money.
- 8.8.3 Consideration must be given if the assets concerned may have been acquired with the assistance of a grant or donation from a third party, including (but not limited to) the DfE and whether the conditions of any such grant or donation set terms relating to disposal or the proceeds of disposal, or when an overage arrangement is in place whether disposal of such assets is consistent with its asset management policy and that there are plans in place to ensure that: investment in moveable fixed assets is

sufficient to ensure the ongoing ability of the College to deliver appropriate provision for learners is not depleted moveable fixed assets can be replaced.

- 8.8.4 In the case of land and buildings, the College must consider the Charity Commission's "Guidance on Sales, leases, transfers or mortgages: what trustees need to know about disposing of charity land (CC28)".
- 8.8.5 The College must have in place an estates strategy that underpins the long-term sustainability of the operation.<sup>(iv)</sup>
- 8.8.6 In the case of land and buildings (whether freehold or leasehold) the proceeds of disposal must be used for capital reinvestment in further fixed assets or to:
- repay loans, to DfE and to banks
  - repay any overpayments of ESFA or DfE grants, or satisfy grant conditions where a repayment to ESFA or DfE is due (for example overage)
  - exceptionally, provide working capital for Colleges to avoid the risk of insolvency
- 8.8.7 If the College wishes to use the proceeds from a disposal of land and buildings for the purposes of avoiding insolvency it must first seek the approval of DfE and in accordance with the "framework for College oversight: support and intervention" Colleges should engage with DfE at the earliest practical opportunity to consider available options.<sup>iv</sup>
- 8.8.8 Budget Holders shall maintain appropriate procedures for the receipt, safe custody, issue and disposal of all goods.
- 8.8.9 The CFO must be provided with copies of all contracts, leases, deeds, agreements and similar legal documents.
- 8.8.10 All contracts including terms and conditions of service must be uploaded on to the College's contract management system.
- 8.8.11 Assets purchased by the College shall, so far as practicable, be effectively marked to identify them as College property.
- 8.8.12 Lessees and/or other prospective occupiers of College land or property shall not be allowed to take possession or enter the land or property until a lease or agreement, in a form approved by the College Solicitors, has been approved by the governing body.
- 8.8.13 The CEO is responsible for ensuring the proper security of all buildings and other assets.
- 8.8.14 No College assets shall be subject to personal use by an employee without the authority of the CEO.
- 8.8.15 The CFO shall determine arrangements for establishing and maintaining Fixed Asset Registers.
- 8.8.16 The College's accounting policies in relation to capitalisation and depreciation are set out in Appendix E and the Fixed Asset Policy.
- 8.8.17 Capital procurement must comply with any funders requirements, these regulations, and the Procurement Policy and Procedures (which are available to all staff).

8.8.18 Budget Holders are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their area. The systems used for stores accounting must have the approval of the CFO.

8.8.19 Budget Holders are responsible for ensuring that regular inspections and stock checks are carried out.

8.8.20 Those Budget Holders whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the CFO and that instructions are issued to appropriate staff within their area.

#### 8.9 Tuition Fees Policy

8.9.1 The CFO is responsible for reviewing the College policy for tuition fees and other charges. This is undertaken on an annual basis and must reflect current government funding policy and relevant legislation.

8.9.2 The review is undertaken in consultation with the CEO and other senior staff. The College's policy for tuition fees and other charges is to be approved by the governing body prior to the commencement of each financial year.

#### 8.10 Loans, Leasing and Hire Purchase

8.10.1 Purchases involving finance lease, operating lease or hire purchase agreements shall be authorised as specified in Appendix A of the regulations. The College must ensure any lease maintains the principals of regularity, propriety and value for money.

8.10.2 After the daily aggregation of all balances in the accounts of the College's approved Bank, any transfer of amounts between these accounts will be the responsibility of the CFO.

8.10.3 Any other surplus monies shall be invested in accordance with the Treasury Management Policy approved by the Governing body from time to time in an account in the name of the College and shall be confirmed in writing by the College with which the deposit is made.

8.10.4 The CFO shall be responsible for maintaining appropriate records of all deposits/investments.

#### 8.11 Financial Records

8.11.1 The CFO will advise on the format and content of financial records to be maintained by the College and the period of time that they need to be retained.

8.11.2 The CFO shall ensure that all financial records are kept securely for six years plus the current year. Payroll records are to be kept for seven years plus the current year. Records for ESF funded projects will normally need to be retained for ten years. Departments with lead responsibility for these projects are required to maintain financial and other records in accordance with ESF requirements.

8.11.3 In the event that an education/training or other business activity is ceasing, the Director/Head of the department in which that activity is based must agree a schedule of key records and arrangements for the transfer and safe storage of those records with the CFO.

## **9. Major Developments**

- 9.1 Any new aspect of business, or proposed establishment of a joint company or joint venture, which will require an investment in buildings, resources or staff time of more than £100k should be presented the governing body.
- 9.2 The CFO 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. This will include the funding of revenue commitments associated with projects.
- 9.3 Approval of the governing body is required where it is proposed that the College should establish a subsidiary company. In such cases the governing body must be provided with business plans or budgets in order to establish the risk to the College.

## **10. Treasury Management Policy**

- 10.1 The governing body is responsible for approving a Treasury Management Policy statement setting out a strategy and policies for cash management, long-term investments and borrowings. The governing body also has a responsibility to ensure implementation, monitoring and review of such policies.
- 10.2 DfE consent must be obtained for any new borrowing from the private sector or amendments to existing borrowing from the private sector. All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated by the Governing body to the CFO and an appropriate reporting system established. All borrowing shall be undertaken in the name of the College and shall conform to any relevant funding body requirements.
- 10.3 The CFO will report on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.
- 10.4 An annual treasury management plan is prepared by the CFO and is presented to the governing body for approval.

## **11. Insurances**

- 11.1 The CFO is responsible for annually reviewing and advising the CEO on the insurance cover arrangements for the College. Such insurance cover must be adequate in view of all business risks and contractual obligations, including that required by its accountability agreement with DfE.
- 11.2 The Vice Principal Corporate Resources in consultation with the CFO shall be responsible for effecting such insurance cover in the name of the College as may be necessary to safeguard the College against loss and shall keep a register of all insurances effected by the College and the property and risks covered thereby.
- 11.3 The CFO shall report all insurance arrangements and notify any major claim to the governing body.
- 11.4 Budget Holders shall inform the CFO promptly of any event which may involve the College in a claim, or an intended activity or acquisition of an asset in their area which may involve the College in a risk not already covered by insurance or necessitate an extension of the amount of the insurance cover.

- 11.5 The CFO (including the duly appointed insurance broker) shall negotiate all claims made against or by the College and shall consult the College Solicitors where necessary.
- 11.6 All staff using their own vehicles on behalf of the College shall maintain appropriate insurance cover for business use.

## **12. Contracts and Agreements**

- 12.1 All contracts for the purchase of works, goods and services entered into on behalf of the College will be signed by an authorised signatory in accordance with Appendix A of these regulations.
- 12.2 Contracts for the employment of staff other than the holders of senior posts will be authorised and signed by the Group CEO or their delegated nominee. Contracts for the employment of the Group CEO and the holders of senior posts will be authorised and signed by the Chair of the governing body or their nominee.
- 12.3 Some government funded programmes are commissioned through a negotiated or competitive process and funding contracts are signed by the Group CEO on behalf of the College. Where the College supplies goods and services to other organisations, including training and allied services, research, consultancy and premises hire, contracts will be signed by an authorised signatory in accordance with Appendix A of these regulations.
- 12.4 Contracts for the acquisition, disposal or leasing of land and property will be authorised as specified in Appendix A of these regulations.
- 12.5 All proposed agreements for the leasing of plant or equipment, or services require approval of the CFO who shall report thereon to the CFO and Group CEO if they consider the financial effect of the agreement would be significant.
- 12.6 The Clerk to the Corporation is responsible for the safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Clerk to the Corporation. All such documents shall be held in an appropriately secure location.

## **13. Audit**

- 13.1 The internal audit process will be determined annually by the Audit & Risk Committee on behalf of the governing body.
- 13.2 The external audit of the College's annual accounts will be provided by a firm with relevant experience and expertise appointed by the College. The College should retender the external audit contract at least every five years.
- 13.3 Auditors appointed shall have the following rights to:
- access to all records, documentation and assets which they consider necessary to fulfil their duties'
  - access to College premises at all reasonable times'
  - require such explanations as are necessary concerning any matter under consideration'
  - require any employee of the College to account for cash, stores or other College property under their control, and
  - access to College records held by third parties when required.

- 13.4 The above provisions cover both internal and external audit, together with any other auditors such as the ESFA appointed funding auditors, National Audit Office, European Court of Auditors, HM Revenue & Customs.

#### **14. Financial Procedures**

- 14.1 The CFO has the responsibility for maintaining and updating Financial Systems and Procedures which shall be available to all staff to ensure the efficient and effective financial management of the College.

#### **15. Security and Computer Security**

- 15.1 The Group CEO will be responsible for maintaining the security of all College assets, cash and property.
- 15.2 The College must comply with the requirements of the Data Protection Act 2018 insofar as it applies to information stored within the premises for which the College is responsible.
- 15.3 The CFO will ensure that all numbered or 'valuable' stationery, such as cheques, invoices, paying-in books, purchase orders, receipt books, etc, are securely stored.
- 15.4 The Group CEO shall be responsible for ensuring that disaster recovery plans are periodically reviewed and are feasible.
- 15.5 The College must not pay any cyber ransom demands.
- 15.6 The CFO shall be responsible for ensuring that computer and data security rules and procedures are adequate and in particular:
- (a) Access to computer databases shall be limited to authorised users.
  - (b) User access and privileges shall be periodically reviewed.
  - (c) All new users must have authorisation from their line manager.
  - (d) Manager access shall be restricted by use of passwords.
  - (e) Only authorised software may be used on the College computer system.
  - (f) Software or data may not be transferred by data storage device or any other method from the College without prior permission. Staff using their own computers should be aware of viruses and ensure virus check software is in place before using any data storage device, which has previously been used on their own, or other non-College equipment.

#### **16. Fraud Avoidance Policy**

- 16.1 The College requires all staff at all times to act honestly and with integrity to safeguard the public resources for which the governing body is responsible. Fraud is an ever-present threat to resources. All members of College staff must therefore remain alert to the risk that fraud or other irregularity could occur in their area of responsibility.
- 16.2 The ARC is responsible for approving the College's Fraud Avoidance Policy. An annual review of areas susceptible to fraud is prepared by the CFO and presented to the ARC. All instances of fraud must be reported to the ARC annually, if the fraud is significant



and involves a loss of more than £5,000 or is likely to cause the College reputational damage then the issue should be raised with the Chair of ARC as soon as possible.

- 16.3 The Fraud Response Plan can be obtained directly from the CFO. Where fraud is identified, the College must inform the chair of the ARC, external auditors and internal auditors (if applicable) as soon as practically possible. The ESFA, and any other relevant College funder, must also be informed as soon as possible when the fraud, or suspected fraud, is significant. Please contact ESFA via the 'allegations' mailbox at: [allegations.mailbox@education.gov.uk](mailto:allegations.mailbox@education.gov.uk).

## **17. Receiving & Giving Gifts and Hospitality**

- 17.1 It is an offence under the Prevention of Corruption Act 1906 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. 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, and
  - 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.
- 17.2 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, or educational decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the College would be likely to provide in return.
- 17.3 When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined, or advice sought from the relevant head of department or the CFO. For the protection of those involved, the CFO 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 CFO. The College Gifts and Hospitality Register is presented to the Audit Committee annually.
- 17.4 When making any such gifts, the College must ensure the value is modest, is within its financial regulations and scheme of financial delegation, the decision is documented, and achieves propriety and regularity in the use of public funds.
- 17.5 If the College is contemplating making a gift to a member of staff, then it should consider potential tax implications.
- 17.6 If the College intends to make a gift to a governor, it must comply with the guidance set out at paragraph 5.8 of the Charity Commission publication Trustee expenses and payments (CC11).

## **18. Taxation**

### **18.1 Value Added Tax (VAT)**

The College is registered for VAT and must submit VAT returns to HM Revenue & Customs as required. Through the finance office the CFO shall maintain the VAT records for the College and shall be responsible for submitting VAT returns and for making all VAT payments or receiving any VAT credits as appropriate.

### **18.2 Corporation Tax**

The College has charitable status and, therefore, will generally not be liable for Corporation Tax on the activities that it undertakes. However, liabilities for Corporation Tax may arise from the activities of any College subsidiary companies that may exist from time to time. The CFO will be responsible for ensuring that any liabilities arising are identified and reported accurately to the Inland Revenue.

## **19. Learner Support Funds**

19.1 The CFO will prescribe the format for recording the use of student access funds on the finance system.

19.2 Records of learner support (bursary) funds will be maintained according to ESFA and OFS requirements. Responsibilities for administering access funds within the College are clearly defined. Annual returns are provided to ESFA and OFS.

## **20. Student Loans and Students Union**

20.1 Appropriate records will be maintained to support all transactions involving student loans. This includes both HE loans for Higher Education courses and Advanced Learning loans for Further Education courses.

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

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

20.4 In accordance with an agreement between the College and the Students' Union, the Union will provide annual statements of income and expenditure to the CFO for information purposes only. The College's internal auditor shall have access to records, assets and personnel within the Students' Union in the same way as other areas of the College.

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

21.1 Certain activities undertaken within the College including research and consultancy may give rise to ideas, designs and inventions, which may be patentable. These are collectively known as intellectual property. As specified in the College's standard contracts of employment, all intellectual property belongs to the College.

21.2 In the event of the College 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 College.

## **22. Money Laundering and Proceeds of Crime**

- 22.1 The Proceeds of Crime Act 2002 criminalises money laundering and the Anti-Money Laundering (Amendment) Regulations of 2019 which came into force on 24 May 2019, place obligations on those involved in 'relevant businesses' to establish procedures to reduce the likelihood of financial irregularity.
- 22.2 The College is likely to be regarded as a 'relevant business' and the CFO is responsible for ensuring compliance with Proceeds of Crime and Money Laundering Regulations. The CFO is also the 'Nominated Officer' for the purposes of the Money Laundering Regulations 2019.
- 22.3 The full procedure for dealing with money laundering is set out in the College's separate anti-money laundering policy that is available on the College intranet.

## **23. Bribery**

- 23.1 The Bribery Act 2010 (The Act) makes bribery or attempted bribery a criminal offence. Bribery usually takes place in order to secure or retain business, or in order to gain a financial or business advantage. Bribery does not always involve a financial incentive or advantage.
- 23.2 In order to be found guilty of an offence under The Act, bribery does not actually need to take place as offences under the act include, but are not limited to the following:
- Offering, promising, or giving a bribe, and
  - Requesting, agreeing to receive, or accepting a bribe.
- 23.3 These offences apply regardless of whether they take place in the UK or abroad. Extra care must be exercised in non-UK jurisdictions where custom and practice may actually be an offence under The Act. These offences also apply to agents or other third parties acting on behalf of the College, even if the College (or its employees) did not know that bribery had taken place.
- 23.4 The College and its employees (or any other 3<sup>rd</sup> party acting on behalf of the College) must not offer promise or give any financial or other advantage in order to secure or retain business. In addition, the College and its employees must not request, agree to receive, or accept any financial or other advantage from a third party which may be construed to be a bribe.
- 23.5 Any breach of the above by an employee of the College is likely to be regarded as gross misconduct, which may lead to the employee being dismissed without notice or payment in lieu of notice.
- 23.6 The College's anti-bribery policy statement can be found on the Colleges intranet.

## **24. Whistleblowing**

- 24.1 The Public Interest Disclosure Act 1998 ("PIDA") as amended by the Enterprise and Regulatory Reform Act 2013 protects a member of staff against detriment or dismissal for raising concerns about potential breaches of the law or other wrongdoing where these are matters of public interest ("Whistleblowing").
- 24.2 The College is committed to the highest standards of integrity and honesty in conducting its business and to this end encourages staff members to raise genuine concerns about breaches of the law and other potential wrongdoings ("Malpractice") without fear of repercussions.

- 24.3 The College has a Whistleblowing Policy that is available on the College intranet. The Act and that policy apply to all staff including agency workers, temporary employees and contractors.
- 24.4 The governing body must ensure all concerns raised by whistleblowers are responded to properly and fairly.

## **25. Partnership Arrangements**

- 25.1 College policy is that, generally, it will enter into subcontract arrangements where it is strategically important to do so for the provision of education and training in respect of its direct funding contracts.
- 25.2 Some programmes involve partnership delivery (or consortium) arrangements. In such cases the College will either be the lead organisation (contract holder) or will be a delivery partner in a consortium where another organisation is the lead party.
- 25.3 In such circumstances, and where the lead provider is a private company, the College is required to undertake a due diligence review before entering into a contractual commitment. This will also apply where it is proposed that any other publicly funded training is to be delivered by a private provider on behalf of the College. The extent of the due diligence required will be agreed with the CFO.
- 25.4 Where partnership arrangements, such as those outlined above, are in place a contract defining respective roles and responsibilities is required. A signed contract must be in place before any delivery takes place and before payment can be made. The main items to be included in the contract between the College and the subcontractor are included in the sub-contracting controls required by the funding bodies whose requirements change from time to time.

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

- 26.1 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
- applications for permission to undertake work as a purely private activity must be submitted to the Group CEO 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 College resources required (for the calculation of the full economic cost), and
  - an undertaking that the work will not interfere with the teaching and normal College duties of the member(s) of staff concerned.

- 26.2 Off-site collaborative provision (franchising/sub-contracting)

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

subject to the following procedure.

- There shall be a contract signed by the Group CEO and on behalf of any partner organisation that shall comply at least with the funding body model contract (as amended from time to time) in place before any provision is made.
- Contracts for significant changes in franchising or sub- contracting 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 audit & risk committee or the governing body.
- 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 funding body guidance.
- They shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the College's financial forecast.
- Where the partnership would represent a significant departure from the College's strategic plan, the governing body shall approve the departure, and the Group CEO shall seek the views of and inform the funding body.

### **26.3 Other matched funding**

- Any such project requires the approval of the appropriate officer prior to any commitment being entered into.
- Such approval shall be dependent upon the relevant head of department being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the College's costing and pricing policy.
- Individual applications for funds in excess of £500,000 shall be the subject of a report by the Group CEO to the governing body which will set out, amongst other things, the potential risks generated by the project.
- If the College sub-contracts such work to external providers, the relevant head of 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 of suitable quality, and
  - payments are only made against detailed invoices.

### **26.4 Submitting claims for successful bids**

- Any claims made against bids or contracts held by a funding body or other party will require authorisation to confirm the College has delivered in line with the contracts and is fully compliant with its requirements.
- Claims require authorisation for the following levels:
  - Under £10,000 – authorisation by the contract manager.

- From £10,000 to £50,000 – authorisation by the head of financial services.
- Over £50,000 – an independent check in addition to the above will be conducted by the CFO.

## **26.5 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 Heads of Schools, College Principals and the Group CEO.

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

## **26.5 Deficits**

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

## **26.6 Additional contributions to departments**

Distribution of profits on other income-generating activity between central funds of the College and individual departments will be in accordance with the policy approved by the governing body.

## **27. College Seal**

- 27.1 Although there is no requirement under the Further and Higher Education Act 1992 for any document to be sealed by the governing body, under general law any document executed by the governing body as a deed should be under seal e.g. a transfer of property by the governing body.
- 27.2 Where a deed or document requires the College seal it must be sealed by the Clerk to the Corporation or in their absence the Group CEO or CFO.
- 27.3 The Clerk to the Corporation is responsible for submitting a report to the governing body detailing the use of the College seal.

## **28. Related Party Transactions**

- 28.1 College policy is that governors are not remunerated for their work as a governor, but governors may be reimbursed for incidental expenses incurred in carrying out such duties. Such incidental expenses may include travel costs to an externally hosted event attended on behalf of the College.
- 28.2 Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations must be conducted at arm's length and in accordance with the College's financial normal procurement procedures.

## Appendix A – Authority Limits

Delegated authorities are currently as follows (Note that Finance can authorise as Administrators where necessary to avoid bottlenecks and absentees in special circumstances): -

### 1. Budget Variations

#### Major Capital Projects

For major capital projects the governing body will be required to approve any changes to the overall project budget. In urgent cases the Chair of the governing body and the Group CEO jointly have power to act on behalf of the governing body. Such action will be reported to the governing body at the earliest opportunity.

In order to control the overall project spend, movements between individual budget lines to reflect changes to project costs may be authorised by the Group CEO or CFO.

#### Annual Re-Modelling, Other Building Works and IT Projects

For annual re-modelling, other minor building projects and IT projects, there may be a requirement to authorise extras, contract variations, or other necessary amendments to the approved projects. The Group CEO or CFO may authorise any resulting increase of up to £50k.

In urgent cases requiring approval of the governing body the Chair of the governing body and the Group CEO jointly have power to act on behalf of the governing body. Such action will be reported to the governing body at the earliest opportunity.

#### Income & Expenditure

Income and expenditure budget variations (virements) must not reduce the budget operating surplus. The Group CEO or CFO may approve virements between budget heads of up to 5% of the College's overall budgeted expenditure.

Virements above 5% require Governing body approval.

### 2. Authorisation of Contracts and Orders

When applying the limits referred to below, the "value" for those orders/contracts, which relate to the continuous supply of goods or services over several years, will be the total value over the period of supply.

Value	Authorisation
Up to £500,000	Vice CEO / CFO
Over £500,000	Group CEO/Governing body *

\* Following authorisation of the transaction or project by the governing body, signing contracts and orders is delegated to the CEO or the CFO.



### 3. Leasing and Hire Purchase Commitments

When applying the limits referred to below, the "equivalent purchase price" will be the total value of the lease/hire purchase payments over the period of the agreement (or until the first break clause for property leases).

Equivalent Purchase Price	Authorisation
Up to £500,000	Vice CEO / CFO
Over £500,000	Group CEO/Governing body *

\* Following authorisation of the transaction by the governing body, signing leasing and hire purchase agreements is delegated to the CEO or CFO.

### 4. Disposal of Assets

Value of Disposal / NBV	Authorisation
Up to £10,000	Head of Financial Services
Up to £25,000	CFO
Up to £50,000	Group CEO
Over £50,000	Governing body *

Authority shall not be required for disposal of each computer which is replaced as part of the annual renewal programme.

\* Following authorisation of the transaction by the governing body, signing contracts for disposal of assets is delegated to the Group CEO or CFO.

**5. Revenue Expenditure Purchases of Goods or Services**

Value	Authorisation
Up to £2,000	Operational Budget Holder
Up to £25,000	Executive Board / Head of Financial Services / Head of Transactional Finance
Up to £100,000	Vice CEO / CFO
Over £100,000	Group CEO

**6. Capital Expenditure Purchases of Goods or Services**

Value	Authorisation
Up to £10,000	Executive Board / Head of Financial Services
Up to £100,000	Vice CEO / CFO
Over £100,000	Group CEO

## **Appendix B - Authorised Cheque Signatories and Authorisation of Electronic Payments**

Arrangements for bank payments will be as follows:

(i) Signatories

All payment runs above £150,000 require two bank signatories for processing.

The posts agreed to be on the bank mandate for the purpose of authorising payment runs are as agreed by the governing body when approving changes to the bank mandate.

(ii) Electronic Payments (BACS)

The proposed payment run is prepared by a member of the finance team and reviewed by the HTS. The review includes checking proposed payments above £5k to invoices. The proposed payment run over £150,000 is then passed to the HFS/CFO or nominee for final checking and authorisation as appropriate.

All BACS requests over £10,000 require two signatories to approve processing.

(iii) Electronic Payments (CHAPS/Faster Payments)

These are urgent payments which are processed outside of the normal creditor payment run. Every effort should be made to ensure that the volume of such payments are kept to a minimum. All such payments must be authorised by a member of the finance team and a bank signatory identified in (i) above.

(iv) Electronic Payroll Payments

These include Net Pay, PAYE, National Insurance and Pension contributions. All such payments must be authorised by the Manager with responsibility for Payroll (or nominee in their absence) and the CFO or nominee.

## **Appendix C – Tendering Procedures**

### Tendering Procedures\*

1. Invitations to tender must be accompanied by comprehensive and clearly written specifications, which shall include:
  - 1.1 the nature and purposes and, where applicable, the duration of the contract;
  - 1.2 quality and best economic value requirements;
  - 1.3 the specification and quantities of the goods or services to be supplied and any other requirements (except in the case of "design and build" contracts where only an outline specification need be supplied);
  - 1.4 the time(s) or range of time(s), as appropriate, and place(s) at which the goods or services are to be supplied;
  - 1.5 a copy of the conditions of contract with which the successful contractor will be required to comply;
  - 1.6 a copy of any formal contract or sub-contract document which the successful contractor will be required to sign or execute;
  - 1.7 a returnable tender form which indicates:
    - (a) the tenderer's signature or seal;
    - (b) that the tender form is to be returned to the Group CEO or their nominee by a stated date and time;
    - (c) that the College does not bind itself to accept or nominate the lowest, or any, tender;
    - (d) that every tender must be submitted in a plain envelope bearing the word "TENDER" followed by the subject to which the tender relates and the closing date for the receipt of tenders;
2. No tender will be considered unless contained in a sealed envelope bearing the word "TENDER" followed by the subject to which the tender relates.
3. It is the responsibility of the relevant head of department/director to make arrangements for every tender received to be retained in secure custody unopened until the time appointed for its opening.
4. Tenders should be opened by the CFO or their nominee in the presence of another member of staff representing the department (the head of department/director or nominee).
5. The prices quoted in the tender should be recorded immediately in a tender book containing the name of the project or item together with the list of those invited to tender. The price should be recorded opposite the name of the appropriate tenderer. If a reply is not received this should be indicated. On completion of the tender opening, both members of staff should sign and date the tender book. A note shall be made of the number of tenders, if any, not opened and the reason(s) for not opening them.
6. No tender received after the time and date by which it is to be received or which

contravenes any provision of this Schedule shall be considered.

7. Where, in their view, circumstances so warrant, the CFO in consultation with the Group CEO may postpone for such period as they may consider reasonable the time and date by which the tenders concerned shall be received.

#### Acceptance of Tender

8. Having followed the procedures required by the financial regulations, as outlined above, departments are then required to evaluate the tenders and recommend to the Group CEO to:
  - (a) accept the lowest tender; or
  - (b) accept a tender other than the lowest (this may only be justified by reference to the 'comprehensive and clearly written specifications' referred to in paragraph 1); or
  - (c) refuse to accept any tender.
9. The outcome of the tender evaluation should be noted in the tender book by the department who commissioned the tenders. Where the outcome is the acceptance of a tender other than the lowest, the reason should also be recorded in the tender book.
  - Online or electronic tenders should follow the principles of the process outlined above although this may not be possible within the constraints of the system being used.
  - Wherever possible the College should undertake tenders through the relevant approved procurement consortia that relates to the services/goods being purchased.
10. The College will send letters to each losing bidder with some detail on why it has lost a procurement procedure.
11. From 28 October 2024 the College will comply with the Procurement Act 2023 and issue "assessment summaries" for all losing bids as well as the winning bid. That will include the individual scores for each criteria, and feedback on each score.

## Appendix D – Approval Authority for the Control of Debts

Debts may be written off in accordance with the limits specified below. The limits refer to individual debtor's accounts rather than batch totals.

Debtor Value Written Off	Authorisation
Up to £7,500	Head of Financial Services
Up to £25,000	CFO
Up to £45,000	Group CEO
Over £45,000	Governing body & DfE

## Appendix E – Fixed Asset Capitalisation and Depreciation

The College thresholds for the capitalisation of expenditure are stated below.

Asset Type	Capitalisation Threshold
Building Works * (new build or improvements)	£10,000
Computer Equipment **	£1,000
Other Equipment	£1,000
Furniture, Fixtures and Fittings	£1,000

\* The summer building works programme may consist of a number of projects below this threshold, but College policy is to capitalise in accordance with the total value of the summer building works, taking into account whether the works represent an improvement or whether the works are maintenance in nature and therefore would not be capitalised.

\*\* Computer equipment purchased for less than £1,000 may be capitalised where it is purchased as part of the annual computer refresh. In such cases the total value of the refresh will be capitalised although the individual unit price may be lower than £1,000.

The CFO may authorise a departure from the above where this would ensure consistency with historical accounting treatment.

The College fixed asset depreciation policy is stated below.

Asset Type	Depreciation Policy
Freehold buildings and building Works(new build)	Between 50 and 60 Years
Building Works (improvements)	15 Years
Furniture, Fixtures and Fittings	10 Years
Technical Equipment	5 years
Motor Vehicles	5 Years
Computer Equipment	3 Years

## Appendix F – Corporate Governance Documents

In addition to the Financial Regulations, there are a number of documents that contribute to the College's corporate governance framework. These are as follows:

1. Instruments and Articles of Government ([click for website link](#))
2. Terms of Reference of the Governing body and Sub Committees
3. Governance Structure ([click for website link](#))
4. Scheme of Delegation ([click for website link](#))
5. Risk Management Policy
6. Public Interest Disclosure ('whistleblowing') Policy ([click for website link](#))
7. Code of Conduct
8. Financial Memorandum
9. Joint Audit Code of Practice
10. Managing Public Money rules
11. College Financial Handbook 2024

## Appendix G – Definitions

The following definitions will apply in these Regulations:

'CEO' - means the Group Chief Executive of the College and includes their authorised representative or replacement

'Vice CEO' - means a Vice Group Chief Executive of the College and includes their authorised representative or replacement

'CFO' means the Group Chief Financial Officer of the College, who must be a qualified accountant, and includes their authorised representative or replacement

'College' - means South Essex College Group.

'College Employee' - means a person with a contract of employment with the College

'Chair' - means the Chair of the governing body and includes their authorised representative

'ESFA' – means the Education & Skills Funding Agency

'Executive Board Member' – means those with responsibility for all budgets and budget holders under their direct line management.

'HFS' means the Head of Financial Services of the College, who must be a qualified accountant, and includes their authorised representative or replacement

'Governing body' - means the Governing Body of the College, or where the Governing Body has delegated the responsibility (where allowed for in the Instrument and Articles)

'OFS' – means the Office for Students

'Staff' – means all salaried employees and hourly paid associates



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## NOTES

- <sup>i</sup> In discharging this responsibility, the governing body may refer to the Further Education Commissioner's College management accounts good practice guide, which sets out key principles of good practice to support the sector to improve the quality, consistency and effectiveness of in-year reporting of financial performance.
- <sup>ii</sup> Governors have a duty as charity trustees to ensure good financial management of their College; this duty is all the more important in the event that a College encounters financial difficulty that could result in insolvency. Colleges should not rely solely on ESFA's financial health assessment, or other review ratings to give an indication of solvency. These will be based on either historical data, which may not reflect the College's current financial performance and position, or on forecasts, as an indicator.
- <sup>iii</sup> It should be noted that this obligation on the part of the accounting officer does not remove or reduce the responsibility of the governors for oversight of compliance.
- <sup>iv</sup> However, given that sale of land and buildings can be particularly protracted, Colleges should seek permission to use the proceeds in this way in good time and well in advance of the disposal itself.