



Plumpton College – Financial Regulations

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1 BACKGROUND

The structure of governance of the College is laid down in the instruments of its incorporation and statute. The College is accountable through its Corporation which has ultimate responsibility for the College's management and administration.

The College was incorporated under the Further and Higher Education Act 1992 and is an exempt charity by virtue of that Act.

The financial memorandum between the Skills Funding Agency (SFA) and the College sets out the terms and conditions on which grant is made. The Corporation is responsible for ensuring that conditions of grant are met. As part of this process the College must adhere to the SFA joint audit code of practice which requires it to have sound systems of financial and management control. The financial regulations of the College form part of this overall system of accountability.

2 STATUS OF FINANCIAL REGULATIONS

This document sets out the College's financial regulations. It translates into practical guidance the College's broad policies relating to financial control. It applies to the College and all its subsidiary undertakings.

These financial regulations are subordinate to the College's instrument and statutes and to any restrictions contained within the College's memorandum with the Skills Funding Agency and SFA's joint audit code of practice.

Compliance with the financial regulations is compulsory for all staff 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 Corporation through the Audit Committee. It is the responsibility of heads of faculty/departments to ensure that their staff are made aware of the existence and content of the College's financial regulations and that an adequate number of copies are available for reference within their department.

Copies are also kept on the staff drive

The Finance and General Purposes Committee is responsible for maintaining a continuous review of the financial regulations and advising the Corporation of any additions or changes necessary.

The College's detailed financial procedures set out precisely how the regulations will be implemented and are contained in a separate manual which is available in all departments.

3 FINANCIAL CONTROL

3.1 THE CORPORATION

The Corporation is responsible for the management and administration of the College. Its financial responsibilities are to:

- ensure the solvency of the College

- safeguard the College's assets
- ensure the effective and efficient use of resources
- ensure the funds provided by the Skills Funding Agency and the Education Funding Agency (EFA) are used in accordance with the terms and conditions specified in the College's memorandum with the Skills Funding Agency
- ensure that financial control systems are in place and are working effectively
- ensure that the College complies with the SFA's joint audit code of practice
- approve the College's strategic plan
- approve annual estimates of income and expenditure and to approve the annual financial statements.
- appoint the Colleges internal and financial statements auditors.
- approve the Statutory Accounts of the College

3.2 COMMITTEE STRUCTURE

The Corporation has ultimate responsibility for the College's finances, but delegates this to the committees detailed below. These committees are accountable to the Corporation. (A diagram depicting the committee structure is included at Appendix A.)

3.2.1 Finance and General Purposes Committee

Monitoring of the College's financial position and financial control systems is undertaken by the Finance and General Purposes Committee. The Committee will examine annual estimates and accounts and recommend their approval to the Corporation. It will ensure that short term budgets are in line with agreed longer term plans and that they are followed. It will consider any other matters relevant to the financial duties of the Corporation and make recommendations accordingly. The committee will also ensure that the Corporation has adequate information to enable it to discharge its financial responsibilities.

Consideration of the College's medium term and strategic plans is undertaken by the Finance and General Purposes Committee. It is responsible for ensuring that all the financial implications of such plans are taken into account before their approval by the Corporation. In addition, it is responsible for considering the College's capital programme before it can be recommended to the Corporation for approval. Similarly it considers and makes recommendations to the Corporation on the allocation of resources between academic and non academic areas. The committee is authorised to amend financial delegations to the senior management team. A more detailed list of the responsibilities of the Finance and General Purposes Committee is shown at appendix B.

3.2.2 Audit Committee

Colleges are required by their financial memorandum with the Skills Funding Agency and by SFA's joint audit code of practice to appoint an Audit Committee. The committee is independent, advisory and reports to the Corporation. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and financial statements auditors. The committee is responsible for identifying and approving appropriate performance measures for internal and financial statements auditors and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

The Audit Committee shall decide the extent of work to be undertaken by the Internal Auditors.

The duties of the Audit Committee are set out at Appendix C.

The audit requirements of the College are set out in the SFA joint audit code of practice.

3.3 AUDIT REQUIREMENTS

Financial statements auditors and internal auditors shall have authority to:

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

Whenever any matter arises which involves, or is thought to involve, irregularities or fraud concerning cash, stores or other property of the College or any other suspected irregularity in the exercise of the activities of the College, the head of department concerned shall notify the Director of Finance who will take such steps as she/he considers necessary by way of investigation and involvement of internal audit.

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

The Finance and General Purposes Committee should consider the accounts and the management letters should be reviewed by the Audit Committee. On the recommendation of the Finance and General Purposes and Audit Committees the accounts will be submitted to the Corporation for approval.

3.3.1 Financial statements audit

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

The primary role of the audit is to report on the College's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Skills Funding Agency joint audit code of practice and the Auditing Practices Board's auditing standards.

3.3.2 Internal audit

The Audit Committee will consider the need for an internal audit service as part of the wider assurance framework.

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

The College's financial memorandum with the Skills Funding Agency requires that it arrange to provide for internal and financial statements audit, including regularity audit, in accordance with the *Joint Audit Code of Practice* and any best practice guidance drawn up and published by the SFA in consultation with colleges.

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

The internal audit service remains independent in its planning and operation and has direct access to the Corporation, Principal and chairman of Audit Committee.

The formal responsibilities of internal audit are detailed at Appendix D. The internal auditor will also comply with the Auditing Practices Board's Auditing Guideline *Guidance for Internal Auditors*.

3.3.3 Other Auditors

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

3.4 RESPONSIBILITIES

3.4.1 The Principal

The Principal is the College's designated accounting officer and is responsible for the financial administration of the College's affairs. As the designated officer the Principal may be required to justify any of the College's financial matters to the Public Accounts Committee at the House of Commons.

3.4.2 The Director of Finance

Day to day financial administration is controlled by the Director of Finance. The Director of Finance is responsible to the Principal for:

- preparing annual capital and revenue budgets and financial plans
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- preparing the 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

A diagram indicating the structure of the finance department including all sections, staff and lines of responsibility is shown at Appendix E.

3.4.3 Heads of Faculty/Department

Heads of faculty/department are responsible to the Principal for financial management in their own areas. They are advised by the Director of Finance in executing their financial duties. The Director of Finance will also supervise and approve the financial systems operating within their departments including the form in which accounts and financial records are kept.

Heads of faculty/department are responsible for establishing and maintaining clear lines of responsibility within their departments for all financial matters.

Where resources are devolved to budget holders, they are accountable to the Principal for their own budget.

3.5 BUDGETING

3.5.1 Resources allocation

Resources are allocated annually by the Corporation on the recommendation of the Principal.

Heads of faculties/departments are responsible for the economic, effective and efficient use of resources allocated to them.

3.5.2 Budget preparation

The Director of Finance is responsible for preparing annually a revenue budget and capital programme for consideration by the Finance and General Purposes Committee before submission to the Corporation. The budget should also include cashflow forecasts and a projected year end balance sheet to meet SFA requirements. The Director of Finance must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are

communicated to heads of faculty/department as soon as possible following their approval by the Corporation.

During the year, the Director of Finance is responsible for submitting revised budgets or updated financial projections, to the Finance and General Purposes Committee for consideration before submission to the Corporation for approval, or in the case of projections, for information.

3.5.3 Capital Programmes

Capital expenditure on land, buildings, fittings and equipment can only be considered as part of the capital programme approved by the Corporation. SMT will present to the Corporation's annual strategic planning workshop a prioritised capital expenditure forward programme for at least the following five years, together with indicative proposals for funding and cash flow forecasts. On the recommendation of the F&GP Committee the Corporation will set an allocation for the following financial year, and provisional allocations for two subsequent years, in respect of total spending. The Corporation will also allocate a figure for capital spending on projects/purchases up to £100k and the Principal has delegated authority to approve individual projects/purchases up to this ceiling.

Reference should be made to the Guidelines for Management of Major Capital Projects for further information.

The Director of Finance is responsible for providing regular statements concerning all capital expenditure to the Finance and General Purposes Committee for monitoring purposes.

Proposed capital projects should be supported by:

- a statement which demonstrates the project's consistency with the strategic plans and accommodation strategy approved by the Corporation
- an initial budget for the project for submission to the Finance and General Purposes Committee. The budget should include a breakdown of costs including professional fees, VAT and funding sources.
- a financial evaluation of the plans together with their impact on revenue plus advice on the impact of alternative plans
- an investment appraisal in an approved format which complies with Skills Funding Agency guidance on option and investment appraisal
- a demonstration of compliance with normal tendering procedures and Skills Funding Agency regulations
- a cashflow forecast

Following completion of a capital project, a final report should be submitted to the Finance and General Purposes Committee recording actual expenditure against budget and reconciling funding arrangements where a variance has occurred.

The Finance & General Purposes Committee is authorised to approve individual new capital projects or increases in the cost of projects already in the capital programme over £100k each, provided that the expenditure can be contained within the overall allocation(s) or are funded by external grants. SMT is authorised to approve sums below £100k.

3.5.4 Financial planning

The Director of Finance is responsible for preparing annually a rolling three year financial plan for approval by the Corporation on the recommendation of the Finance and General Purposes Committee and for preparing financial forecasts for submission to the Skills Funding Agency. Financial plans should be consistent with the strategic plans and accommodation strategy approved by the Corporation.

3.5.5 Budgetary Control

See detailed budgetary control procedures within the Financial Procedures

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder who must ensure that day to day monitoring is undertaken effectively.

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

Budget holders are responsible for ensuring commitments are matched to goods received and for authorising and matching invoices.

Budget holders are responsible to their line manager for the income and expenditure appropriate to their budget. The budget holder will be assisted in this duty by management information provided by the Director of Finance. The type of management information available to different levels of management are described in the College's detailed financial procedures together with the timing at which they can be expected. Significant departures from agreed budgetary targets must be reported immediately to the Director of Finance by the head of faculty/department concerned and, if necessary, corrective action taken.

The Senior Management Team will monitor progress on individual major capital projects and the F&GP Committee will monitor actual expenditure against the capital budget for individual projects and for the delegated spend below £100k. F&GP Committee monitors progression on individual capital projects.

The Director of Finance is responsible for supplying budgetary reports on all aspects of the College's finances to the Finance and General Purposes Committee on a basis determined by the Finance and General Purposes Committee. These reports are presented to the Corporation.

3.5.6 Virement

Where a budget holder is responsible for more than one budget, virement is permitted up to 10% or £20,000 (whichever is the greater) of the budget from which the virement is sought, with the written approval of the Director of Finance. The Director of Finance may also approve additional expenditure budget for an amount less than £20,000 where this amount is matched by additional income.

The Principal is authorised to approve virements between budget heads above 10% or £20,000 where the overall approved expenditure budget is not exceeded. The Principal may also approve additional expenditure budget for an amount less than £50,000 where this amount is matched by additional income.

The Finance & General Purposes Committee is authorised to approve virements between budget heads above 10% or £50,000 and increases in expenditure above £50,000 where the overall budget is exceeded but where the overall expenditure is matched by increases in income. The Committee is also authorised to approve virements from the major capital programme budget to the minor capital programme budget where it appears that the former is going to be underspent.

The Finance & General Purposes Committee is authorised to approve transfers of budget between financial years.

3.5.7 Treatment of Year End Balances

At year end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year. In certain circumstances, specific departmental consumables and equipment account balances may be carried forward with the approval of the Principal.

3.6 ACCOUNTING POLICIES

3.6.1 Basis of Accounting

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

3.6.2 Format of the Accounts

The accounts are prepared for the financial year ending 31 July, in the format required by the Skills Funding Agency and in accordance with the provisions of the Companies Act 1985 and subsequent updates.

3.6.3 Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the College and all its subsidiary undertakings for the financial year.

3.7 ACCOUNTING RETURNS

The Director of Finance is responsible for consolidating and despatching financial returns and other periodic financial reports to the Skills Funding Agency and other agencies as required. The Director of Finance is also responsible for ensuring that all grants notified by the Skills Funding Agency and other bodies are received.

3.8 ACCOUNTING RECORDS

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

The College is required by law to retain prime documents for six years. These include;

- official orders
- paid invoices
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- part time lecturer contracts

Additionally, for auditing and other purposes, other financial documents should be retained for three years.

Where the documents relate to ESF funded projects the retention period of all related documents will be 13 years (occasionally where specified in the contract, longer). Where this occurs the relevant original documents will be kept with other project documents in a fireproof safe, separate from the main finance archives.

4 INCOME AND BANKING

4.1 GENERAL

The Director of Finance 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 Director of Finance.

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Finance and General Purposes Committee and are approved by the Corporation.

The Director of Finance is responsible for the prompt collection, security and banking of all income received.

The Director of Finance is responsible for ensuring that all grants notified by the Skills Funding Agency and other bodies are received and appropriately recorded in the College's accounts.

The Director of Finance is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

4.2 APPOINTMENT OF BANKERS

The Corporation is responsible for the appointment of the College's bankers on the recommendation of the Finance and General Purposes Committee. The appointment shall be for a five year period after which consideration shall be given by the Finance and General Purposes Committee to competitively tendering the service.

4.3 BANKING ARRANGEMENTS

The Director of Finance is responsible for, on behalf of the Finance and General Purposes Committee, liaising with the College's bankers in relation to the College's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Director of Finance who shall make proper arrangements for their safe custody.

Only the Director of Finance may open or close a bank account for dealing with the College's funds. All bank accounts shall be in the name of the College or one of its subsidiary companies (where applicable).

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

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

4.4 CASH RECEIPTS

All monies received within departments from whatever source must be recorded by the department on a daily basis together with the form in which they were received.

Money must be paid to the cashier and custody of all cash holdings must comply with the requirements of the College's insurers.

No deduction may be made from any cash collected on behalf of the College prior to paying into the cashier.

Personal or other cheques must not be cashed out of money received on behalf of the College, except for the routine provision of petty cash for the college.

4.5 THE COLLECTION OF DEBTS

The Director of Finance should ensure that:

- debtors invoices are raised promptly in respect of income due to the College
- debtors are raised on official College invoices
- swift and effective action is taken to collect overdue debts in accordance with the College's formal procedures (detailed in the financial procedures)

- outstanding debts are monitored and reports are prepared for managers.

The Director of Finance is responsible for implementing credit arrangements and indicating a period in which different types of invoices must be paid. Any subsequent change must be submitted to the Finance and General Purposes Committee for approval.

The Director of Finance and Principal are authorised to approve the write-off of individual debts of up to £5,000 and £10,000 respectively. Requests to write off debts in excess of £5,000 must be referred in writing to the Director of Finance for submission to the Finance & General Purposes Committee for consideration

4.6 STUDENT FEES

The procedures for collecting tuition and residence fees must be approved by the Director of Finance. She/he is responsible for ensuring that all student fees due to the College are received.

Except with the express authority of the Principal, any student who has not paid an account for fees or any other item owing to the College shall be prevented from re-enrolling at the College and from using any of the College's facilities until all outstanding debts have been cleared.

4.7 GIFTS, BENEFACTIONS AND DONATIONS

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

4.8 SECURITY OF DOCUMENTS

The Director of Finance 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 Estates Department. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

4.9 STOCKS AND STORES

Heads of faculty/department are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments or curriculum areas. The systems used for stores accounting in the departments and curriculum areas must have the approval of the Director of Finance. Heads of faculty/department are responsible for carrying out a stock take at the end of each term, if material and notifying the Finance department.

Heads of faculty/department are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

Those heads of department whose stocks require valuation in the balance sheet must ensure that the stock taking procedures in place have the approval of the Director of Finance and that

instructions to appropriate staff within their departments are issued in accordance with advice contained in the College's detailed financial procedures.

5 RESEARCH GRANTS AND CONTRACTS

5.1 GENERAL

Research can be defined as original investigation, undertaken to gain new knowledge and understanding, which may be directed towards a specific aim or objective.

The term 'research grant' is restricted to research projects funded by the UK research councils, charities and the higher education Funding Councils.

All other externally financed research projects are classified as 'research contracts'.

Where approaches are to be made to outside bodies for support for research projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the head of department to ensure that the financial implications have been appraised by the Director of Finance.

The Director of Finance is responsible for examining every formal application for grant and shall ensure that there is adequate provision of resources to meet all commitments. The Director of Finance should ensure that the full cost of research contracts is established. The research agreement must be in line with the College's policy with regard to indirect costs and other expenses and take account of different procedures for the pricing of research projects depending on the nature of the funding body.

Research grants and contracts shall be accepted on behalf of the College by the Finance Director.

The Director of Finance shall maintain all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.

Each grant or contract will have a named budget holder and will be assigned to a specific cost centre.

Control of pay and non pay expenditure will be contained within the cost centre. The head of the cost centre may delegate day-to-day control of the account to a supervisor or grant holder, but any overspend or under recovery of overheads is to be the clear responsibility of the cost centre with any loss being a charge on departmental funds.

5.2 ADDITIONAL PAYMENTS TO STAFF

Any proposal which involves additional payments to members of staff should be supported by schedule of names and values and must be approved by the head of faculty/department, and, in the case of a head of faculty/department, the Principal.

5.3 PRIVATE CONSULTANCIES AND OTHER PAID WORK

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

- outside consultancies or other paid work may not be accepted without the consent of the Principal.
- applications for permissions to undertake work as a purely private activity must be submitted to the Principal and include the following information:
 - the name of the member(s) of staff concerned
 - 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)
 - an undertaking the work will not interfere with the teaching and normal College duties on the member(s) of staff concerned.

5.4 INTELLECTUAL PROPERTY RIGHTS AND PATENTS

5.4.1 General

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.

5.4.2 Patents

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

5.4.3 Intellectual Property Rights

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

6 EXPENDITURE

6.1 GENERAL

The Director of Finance is responsible for making payments to suppliers of goods and services to the College.

6.2 AUTHORITIES

The head of faculty/department is responsible for purchases within his/her faculty/department. Purchasing authority may be delegated to named individuals (or budget holders) within the faculty/department; budget holders must obtain written authorisation from the Principal and Director of Finance for such delegation.

The Director of Finance shall maintain a register of authorised signatories and a list of authority levels for approving purchase orders and invoices. Authorised signatories are determined by the Director of Finance and Principal. Any changes to the authorities to sign must be notified to the Director of Finance immediately. Heads of faculty/department must supply the Director of Finance with specimen signatures of those authorised to certify invoices for payment.

Authorisation levels are detailed in the Financial Procedures.

Budget holders are not authorised to commit the College to expenditure without ensuring that there are sufficient funds to meet the purchase cost.

Expenditure on a single item in excess of £5,000 shall require the approval of either the Director of Finance, Principal, Vice Principal or Deputy Principal.

6.3 PETTY CASH

Where a single item is for less than £20 it should be paid from petty cash or college procurement card if possible. It must be supported by receipts or vouchers where available.

The member of staff granted a float is personally responsible for its safekeeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the College's insurers when not in use, and will be subject to periodic checks by the Director of Finance or another person nominated by him or her.

Standard College petty cash books are supplied by the Director of Finance and must be used for recording all imprest accounts.

At the end of the year a certificate of the balances held should be completed by the member of staff responsible for the float and counter signed by the head of faculty/department.

6.4 PURCHASE ORDERS

The ordering of goods and services shall be in accordance with the College's detailed financial procedures/purchasing policies.

All orders are to be requisitioned electronically through Agresso (except where agreed with the Director of Finance) in accordance with the financial procedures.

Budget holders are responsible for ensuring discount is obtained where possible.

It is the responsibility of the Director of Finance to ensure that all purchase orders refer to the College's conditions of contract.

6.5 TENDERING

Subject to special rules imposed by funding bodies, the College's tendering procedures, contained in the College's code of tendering practice, are applicable to procurement of services, buildings and purchases where the estimated cost is in excess of £50,000

The main points covered by this code are described at Appendix F.

6.6 CONTRACTS

Building contracts are the responsibility of the Finance and General Purposes Committee and are administered by the College's Deputy Principal. Detailed guidance is contained in the Guidelines for Management of Major Capital Projects.

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

Consultants may be appointed if the project, as determined by the Finance and General Purposes Committee, is too large or too specialised for the Deputy Principal.

Proposals shall be presented in the form of costing or investment appraisals as appropriate for Finance and General Purposes Committee development. Investment appraisals should comply with appropriate Skills Funding Agency guidance.

Following consideration by the Finance and General Purposes Committee and approval by the Corporation, submissions should be forwarded to the Skills Funding Agency where appropriate. If required, agreement should be secured from the Skills Funding Agency and SFA procedural rules should be followed. SFA guidance on best practice should be followed even when SFA approval is not required.

All contracts will attempt to ensure best value for money.

Conditions of contract for the purchase of goods will be followed as described in the College's detailed financial procedures. The main points are described at Appendix G of these regulations.

6.7 EU DIRECTIVES ON PROCUREMENT

The Director of Finance is responsible for ensuring that the College complies with its legal obligations concerning European procurement legislation. EU procurements regulations apply to written contracts for all forms of procurement or hire (whether or not hire purchase) with a total value exceeding a threshold value. (The thresholds are currently £4,104,394) for works regulations and £164,176 for supplies of services regulations, (all thresholds net of VAT)) A breach of these regulations is actionable by a supplier or potential supplier.

It is not permissible to avoid the provisions of the EU Public Contract Regulations 2006 by breaking down orders into smaller quantities/values or by letting contracts of shorter duration which would result in a commitment value below the relevant threshold level.

6.8 PAYMENT OF INVOICES

The procedures for making all payments shall be in a form specified by the Director of Finance.

The 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 (preferred) or computer cheques.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the department concerned.

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

Budget holders are responsible for ensuring commitments are matched to goods received and for authorising and matching invoices.

Payment will only be made by the Director of Finance against invoices which have been approved for payment by the appropriate head of faculty/department or budget holder. Certification of an invoice will ensure that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- where appropriate, it is matched to the order
- invoice details (quantity, price, discount) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- 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 within the budget holder's area of responsibility and must correspond with the types of goods or service described on the invoice.

Budget holders are responsible for reviewing commitments to ensure they are still open and if not then cancelling the commitment.

Invoices are received centrally and scanned into the Finance system. Budget holders are responsible for the electronic authorisation of invoices to enable payment to be made. Care must be taken by the budget holder to ensure that discounts receivable are obtained.

7 SALARIES AND WAGES

7.1 GENERAL

The Principal shall appoint all permanent staff. Even where budgetary provision exists for permanent staff, no appointment either to a newly created post or to a replacement post may be made without the prior agreement of the Principal.

The Corporation shall appoint a person to serve as its Principal and Chief Executive and a person to serve as its Clerk as designated by the Corporation in accordance with the articles of governance.

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

All College staff will be appointed to the salary scales approved by the Corporation and in accordance with appropriate conditions of service. All letters of appointment must be issued by the HR. HR will be responsible for keeping the Director of Finance informed of all matters relating to personnel for payroll purposes.

In particular these include:

- appointments, resignations, dismissals, supervisions, secondments and transfers
- absences from duty for sickness or other reason, apart from approved leave
- changes in remuneration other than normal increments and pay awards
- information necessary to maintain records of service for pension, income tax, national insurance etc

The Director of Finance is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

The Director of Finance shall be responsible for keeping all records relating to payroll including those of a statutory nature.

All payments must be in accordance with the College's detailed payroll financial procedures and comply with HM Revenue & Customs regulations.

7.2 PENSION

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

The Director of Finance is responsible for day to day pension matters including:

- paying of contributions to various authorised pension schemes
- preparing the annual return to various pension schemes
- liaising with administrators of the College's pensions fund

7.3 TRAVEL, SUBSISTENCE AND OTHER ALLOWANCES

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

Claims by members of staff must be certified by their head of faculty/department (or Principal in the case of heads of departments). The certification by the head of department shall be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly paid by the College.

The Director of Finance is responsible for ensuring appropriate checks are undertaken to ensure the validity of expense claims.

8 ASSETS

8.1 LAND, BUILDINGS, FIXED PLANT AND MACHINERY

The purchase, lease or rent of land or buildings or fixed plant can only be undertaken with authority from the Corporation and with reference to the Skills Funding Agency requirements where exchequer funded assets or exchequer funds are involved.

The Director of Finance is responsible for maintaining the College's register of land, buildings, fixed plant and machinery.

The Deputy Principal is authorised to agree levels of rent and charges for the college's house accommodation.

8.2 INVENTORIES

In addition to the asset register, curriculum managers are responsible for maintaining inventories for all plant, equipment and furniture and stores in their divisions with a value in excess of £500.

The inventory must include items donated or held on trust.

Inventories must be checked at least annually and retained in the form prescribed by the Deputy Principal (Resources) as described in the College's detailed financial procedures.

8.3 ASSET DISPOSAL

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

Disposal of land and buildings must only take place with the authorisation of the Finance & General Purposes Committee. The college's policy is to obtain the best possible price for any surplus land and buildings. Skills Funding Agency consent may also be required if exchequer funds were involved in the acquisition of the asset.

9 OTHER

9.1 COMPANIES

In certain circumstances it may be advantageous to the College to establish a company to undertake services on its behalf.

The Corporation is responsible for approving the establishment of companies and the procedure to be followed in order to do so. The process involved in forming a company and arrangements for monitoring and reporting on the activities of subsidiary undertakings will be documented in the College's financial procedures when required.

It is the responsibility of the Corporation to establish shareholding arrangements and appoint directors of companies wholly or partly owned by the College.

The directors of companies where the College is the majority shareholder must submit, via the Finance and General Purposes Committee, an annual report to the Corporation.

9.2 RISK MANAGEMENT

The Principal in conjunction with the nominated risk champion from the Corporation is responsible for developing a risk management strategy in order to identify the risks facing the College and types of protection required to cover these risks. The strategy should cover important liabilities such as terrorism and be sufficient to meet any potential risk to all assets. This will be considered and approved by the Corporation on an annual basis.

The Deputy Principal is responsible for effecting insurance cover as determined by the Finance and General Purposes Committee. He or she is therefore responsible for obtaining quotations, negotiating claims and maintaining the necessary records. He/she will also deal with the College's insurers and advisers about specific insurance problems.

Heads of faculty/department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The Director of Finance's advice should be sought to ensure that this is the case. Heads of faculty/department must give prompt notification to the Deputy Principal of any potential new risks and additional property and equipment which may require insurance and any alternations affecting existing risks.

Heads of faculty/department must advise the Vice Principal, immediately, of any event which may give rise to an insurance claim. The Vice Principal will notify the College's insurers and, if appropriate, prepare a claim in conjunction with the head of department for transmission to the insurers.

The Deputy Principal will keep a register of all insurances effected by the College and the property and risks covered.

The Deputy Principal is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

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

9.3 TAXATION

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

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

9.4 SECURITY

Curriculum Managers are responsible for maintaining proper security at all times for all buildings, stock stores, furniture, cash etc under his or her control. He or she shall consult the Vice Principal in any case where security is thought to be defective or where is considered that special security arrangements may be needed.

Keys to safes or other similar containers are to be carried with the person responsible at all times. The loss of such keys must be reported to the Director of Finance and the Vice Principal immediately.

The IT Manager shall be responsible for maintaining proper security and privacy of information held on computer and in manual records. The restriction of access to computer areas to authorised persons only by the use of passwords are the types of security control available that will be used. Information relating to individuals held on computer and in manual records will be subject to the provisions of the Data Protection Act. A data protection officer shall be nominated to ensure compliance with the Act.

9.5 SHORT COURSES AND SERVICES RENDERED

In this context a short course is any course which does not form part of the award bearing teaching load of the department. Short courses are normally deemed to be commercially run courses.

The Business Development Manager is responsible for the provision of all short commercially run courses. If a member of staff wishes to run a short course as defined above they must have the permission of the Business Development Manager. If the course is not a commercially run course

they should have the permission of their head of faculty/department. The course organiser will be responsible to the Head of department for day to day management of the course.

Courses or conferences organised by members of staff should be costed and agreed either with the Business Development Manager before any commitments are made. The Director of Finance will provide the appropriate advice and support where required. Provision must be made for charging both direct and indirect costs in accordance with the College's policy. All courses must be self financing or surplus generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the head of department and the Director of Finance (or Principal).

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

The costing and pricing of such services must be in accordance with the College's costing and pricing procedures which are contained in the College's detailed financial procedures. Any deficits on short courses or services rendered accounts will be a charge on departmental funds.

9.6 CODE OF CONDUCT FOR STAFF

The College expects that staff at all levels will observe the staff code of conduct. This reflects the three fundamental principles of openness, integrity and accountability, and covers:

- probity and propriety
- selflessness, objectivity and honesty
- relationships

Additionally, members of the Corporation and the College's staff are required to disclose interests in the College's register of interest of members of the Corporation and staff.

9.7 HOSPITALITY

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

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

9.8 USE OF THE COLLEGE'S SEAL

Where a deed or document requires the College's seal, it must be sealed by the Clerk to the Corporation (or in his or her absence the Principal) and signed by the Corporation Chairman (or in his/her absence any member of Finance & General Purposes Committee) plus any other governor (excluding those not qualified to vote on financial matters).

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

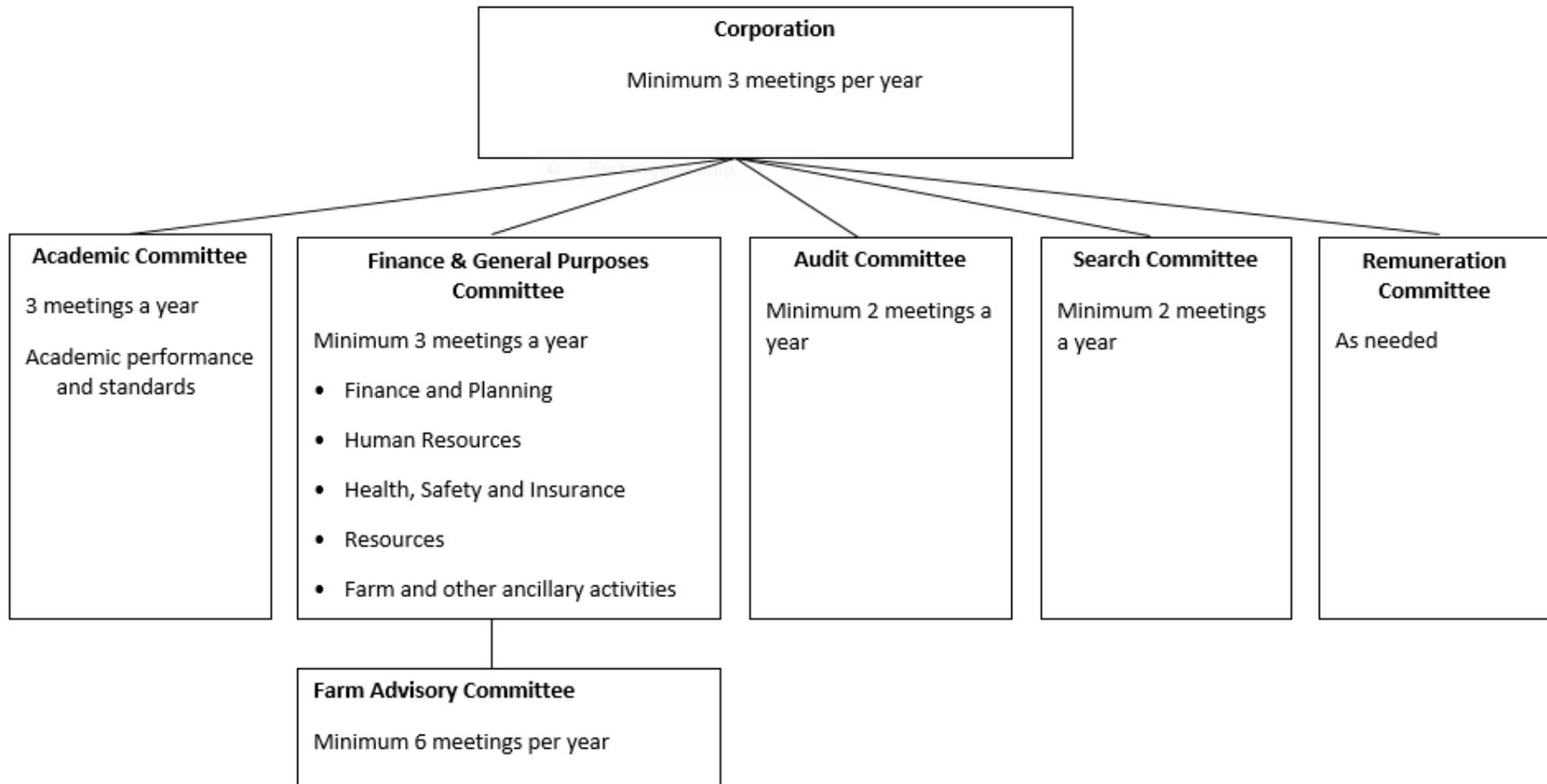
9.9 TRUST FUNDS

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

The Finance and General Purposes Committee is responsible for ensuring that all the College's trust funds are operated within any relevant legislation and the specific requirements for each trust.

APPENDIX A

College Committee Structure



Responsibilities of the Finance and General Purposes Committee

- To receive and scrutinise draft budgets and strategic forecasts and make recommendations to the Corporation on budgets for income/expenditure, cash flow and the Balance Sheet for the following year.
- Ensuring that the College maintains proper accounts and related records
- Approve planned capital expenditure as part of the annual budgeting process for the following year.
- Monitor the implementation of the approved budget by receiving and scrutinising periodic management accounts including balance sheet and cash flow.
- Review the statutory accounts of the Corporation and to make recommendations as appropriate to the Governing Body, taking into account any comments from the Audit Committee.
- To appoint College bankers and financial institutions for the investment of College funds via the Treasury Policy
- To consider, review and approve appropriate financial regulations.
- any other matters as directed by the Corporation

Audit Committee

Duties

The main responsibility of the Committee is to oversee and assess the adequacy, effectiveness and efficiency of

- the College's internal control framework
- its external audits; and
- its other independent assurance and validation arrangements;
- and to advise the Corporation accordingly.

Internal Controls

The Committee shall oversee the controls relating to the delivery of all the Corporation's strategic objectives and statutory duties, but shall pay particular attention to

- the governance framework, including compliance with statutory and regulatory requirements such as the Finance Memorandum, and with any comply-or-explain code of governance to which the Corporation subscribes;
- the effectiveness and efficiency of the college's policy for managing risk and business continuity;
- the processes for the proper, regular, effective and efficient use of resources, the solvency of the college, the sound management of its liabilities, and the safeguarding of its assets; and
- the prevention of fraud.

Many of the controls (eg on quality, safeguarding,) relate to matters delegated to management or to other Corporation Committees: in these areas the Audit Committee will work in close conjunction with the other committee concerned to ensure that the control arrangements are robust and effective.

External Audit

The Committee shall

- advise the Corporation on the appointment and remuneration of the external auditor, and on the periodic re-tendering of the audit;
- agree each year with the external auditor the scope and arrangements for the external audit; confirm that the Accounts conform with the current Accounts Direction and the SORP; consider the auditor's other findings and recommendations, including management responses to the auditor's Management Letter; and monitor the implementation of agreed recommendations within an agreed timescale;
- agree relevant measures and indicators with the auditor in respect of their performance, and review performance against them annually;
- monitor any material additional services provided by the auditor.

Other Independent Assurance and Validation Arrangements

The Committee shall

- regularly review, in conjunction with management and with other committees, the need for internal audits and for other independent assurance and validation, including in respect of quality and other non-financial aspects of the business, and to agree their broad scope;
- advise the Corporation on the appointment and remuneration of an internal auditor where it judges an ongoing internal audit function appropriate; and where no internal auditor is in place, to review annually the need for such an appointment and explain to the Corporation why it is not needed.
- to commission and receive other one-off audits and investigations, and to receive copies of external assurance and validation reports commissioned by other committees, including, where appropriate, management's response.
- to consider and advise the Corporation on relevant reports by funding bodies, including management's responses.

The Committee shall regularly monitor and hold management to account for the implementation, to an agreed timescale, of agreed recommendations arising from internal audit and/or reports by other assurance providers or funding bodies.

Annual Reports to Corporation

The Committee shall provide the Corporation with an annual report which summarises its work and includes the Committee's opinion on the adequacy, effectiveness and efficiency of the College's control, risk management and governance processes, and on any significant matters arising from the work of its audit and assurance providers. The Committee's report shall be drafted in a format suitable for inclusion in the Corporation's published Annual Report.

Fraud and Irregularity

The Committee shall be promptly informed of all allegations of fraud and irregularity, and ensure that they are properly followed up.

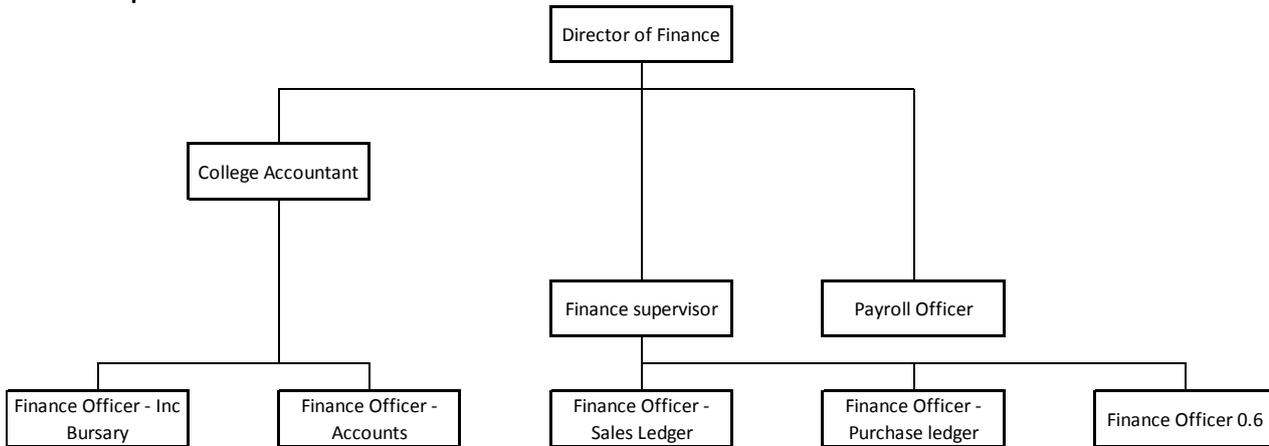
Internal Audit (if required)

Responsibilities

To achieve the following objectives

- to review and appraise the soundness, adequacy and application of internal controls
- to ascertain the extent to which the systems of control ensure compliance with established policies and procedures
- to ascertain the extent to which the College's assets are protected from losses arising from:
 - fraud
 - irregularity
 - corruption
- to ascertain the reliability of accounting and other information as a basis for the production of accounts and other returns and for use in decision making
- to ascertain the extent to which systems of control operate to promote the most economic, efficient and effective use of resources

Finance Department



College Accountant - Preparation of month end accounts package, Financial accounting for the College & systems administrator on Agresso, compliance with VAT requirements inc. production of quarterly and annual VAT returns and assistance in treasury management

Finance Supervisor - overall responsibility for transactional side of the College, supervision of cashbook and bank reconciliation development of transactions systems

Payroll Officer - Day to day payroll and pensions administration

Finance Officer - Bursary - responsible for overseeing the bursary function, assessing bursaries, making payments and monitoring spend against allocation, ad hoc projects for the College Accountant.

Finance Officer - Accounts - assisting the College Accountant in both financial and management accounting issues, setting up fixed assets and deferred capital grants, transactional entries to support the finance team.

Finance Officer - Sales Ledger - Day to day management of debtors. Administration of residential and other bursaries

Finance Officer - Purchase ledger - day to day management of purchases including monitoring commitments, purchase invoices, reconciliation of ledger and advising budget holders on purchases ledger issues

Finance Officer - provide transactional support to the Finance Supervisor

Main points included in the College's Code of Tendering Practice (see Appendix M of Financial Procedures)

- duty to comply by the College's staff
- EU directives to be complied with
- competitive tendering procedure

This will:

- ensure fairness of competition
- ensure that companies invited to tender are financially and technically able to meet the College's requirements
- indicate the terms of the contract
- outline the appropriate British and/or international standards to be complied with

- quotation procedure

This will indicate:

- the minimum number of firms that should be expected to provide quotations
- lists of available firms in existence, which have been approved by the College, that might undertake the work specified
- the terms by which the contractors will be paid
- the national requirements concerning good practice that should be followed

- submission of tenders (eg time, date, etc)
- receipt and safe custody of tenders and records
- admissibility and acceptance of tenders
- acceptance of tenders/quotations
- justification of acceptance on tenders not at the lowest price.

Content of 'Conditions of Contract for the Purchase of Goods'

List of Headings

- Interpretation
- Variation of conditions
- Specification
- Identification of goods
- Packaging
- Forms
- Delivery
- Property and risk
- Rejection of goods
- Default by contractor
- Force majeure
- Price and payment
- Indemnity
- Insurance
- Transfer and sub-contracting
- Patents, etc
- Confidentiality
- Inducements to purchase
- Insolvency
- Publicity
- Law